

Cat

Accountancy

ESTABLISHED 1889



UNIVERSITY
OF MICHIGAN

1957 - 1959

BUSINESS ADMINISTRATION
LIBRARY

The Budget

•

Accounting Needs of Management

•

The Gourley Principle Again

THE JOURNAL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES

APRIL 1959

PRICE 2s. 6d.

The Institute of Chartered Accountants in England and Wales

Incorporated by Royal Charter May 11, 1880

President:

WILLIAM LEONARD BARROWS, LL.D., J.P., F.C.A., BIRMINGHAM

Vice-President:

CHARLES URIE PEAT, M.C., M.A., F.C.A., LONDON

Secretary:

ALAN SQUAREY MACIVER, M.C., B.A.

Assistant Secretaries:

C. H. S. LOVEDAY, A.C.A. F. M. WILKINSON, A.C.A.

I. A. F. CRAIG, O.B.E., B.A. W. M. ALLEN, B.A.

Secretary to the Taxation and Research Committee:

L. J. H. NOYES, B.SC.(ECON.), A.C.A.

Accountant:

M. G. J. HARVEY, A.C.A.

Appointments Officer:

F. H. H. FINCH, B.A.

Chief Clerk:

H. J. POTTS

Librarian:

H. W. THOMSON

Hall, Library and Offices:

MOORGATE PLACE, LONDON, E.C.2

There are district societies of members of the Institute, with headquarters in fourteen centres throughout England and Wales.

Members are not allowed to advertise or circularise for business. The observance of strict rules of conduct has always been a condition of membership.

Editor of ACCOUNTANCY:

LEO T. LITTLE, B.SC.(ECON.)

Editorial and Advertisement Offices of ACCOUNTANCY:

23 ESSEX STREET, LONDON, W.C.2

The editorial and contributed articles and notes in ACCOUNTANCY cover a wide range of subjects and are selected for their general interest. The views expressed are not necessarily shared by the Council of the Institute of Chartered Accountants in England and Wales.

ACCOUNTANCY

To: The Secretary, Institute of Chartered Accountants in England and Wales, Moorgate Place, London, E.C.2

Please send me twelve issues of *ACCOUNTANCY*, commencing with that for.....19....

I enclose cheque/money order/postal orders for { £1.10s.0d. Full rate
15s.0d. Student's concessionary rate

This is a { new
renewed } subscription.

Name
BLOCK LETTERS PLEASE

Address
.....

Date.....

Remittances should be made payable to ACCOUNTANCY in London and crossed "Lloyds Bank Ltd."

This part to be filled in if the student's concessionary rate of 15s. is claimed

I am serving under articles of clerkship / undergoing qualifying service with

.....
(Name of principal or employer)

Such service ends on
(Date)

Date..... Signature.....

*Report
and Account*

PRINTERS

DAY AND NIGHT SERVICE

DESIGNERS AND TYPOGRAPHERS OF
ILLUSTRATED BALANCE SHEETS.
FINE ART AND COLOUR PRINTERS

Greenaways

69 OLD BROAD STREET, E.C.2

Telephone: LONDON Wall 7525 (20 lines)

**JOHN FOORD
& COMPANY**

Established over a century

**RE-VALUATION
OF ASSETS**

**BUILDINGS,
PLANT and MACHINERY**

**56 VICTORIA STREET
LONDON, S.W.1**

Victoria 2002/3/4

Latest Examination Results

At the Examinations of the INSTITUTE OF CHARTERED ACCOUNTANTS held in
NOVEMBER 1958

Pupils of

H. FOULKS LYNCH & CO. LTD.

The Accountancy Tutors

obtained

THE FIRST EIGHT PLACES and the ELEVENTH PLACE (Final)

and

ALL THE TWENTY-FIVE HONOURS (Intermediate)

The consistent high level at which the company's tutorial services are being maintained is evidenced by the fact that in the TEN EXAMINATIONS held by the INSTITUTE during the past FIVE YEARS over 80 PER CENT. of the successful candidates, including 251 out of 269 HONOURSMEN, were FOULKS LYNCH pupils.

Apply for SYLLABUS OF TUITION to the Secretary

80a COLEMAN STREET, LONDON, EC2

Telephone: MONarch 2487 (3 lines)

ORDER NOW

TAXATION FORMS

1. 11a/12a. Income Tax Return (Sch. D. & E.).
2. Sch.D.1. Income Tax Return (Firms or Companies).
3. A.C.64. Income Tax Computation.
4. P.T.1. Profits Tax Return.
5. R.40. Income Tax Repayment Claim.
6. M.C.99. Maintenance Claim.
7. 99(1). Maintenance Claim.
8. R.186a. Sch. of Income From Dividends.
9. R.59. Trust Estate Income.
10. 3/SC. Sur-Tax Return.
11. P.35. Employers P.A.Y.E. Return.

**CHAS. DAVY & CO.
LIMITED**

Company Printers and Registration Agents

CITY BRANCH
11 MASON'S AVENUE
LONDON, E.C.2

HEAD OFFICE
3-11 PINE STREET, LONDON, E.C.1
Telephone: TERminus 6267 (5 lines)

THE WORLD'S GREATEST BOOKSHOP

FOYLES
* * FOR BOOKS * *

“Your customers are as fascinating as your books! In half-an-hour at Foyles you can see people from almost every country in the world—people of every colour, every race, every nationality. It is a wonderful bookshop.”

—A Member of Parliament

STOCK OF OVER 3 MILLION VOLUMES

119-125 CHARING CROSS RD LONDON WC2

Gerrard 5660 (20 lines) ★ Open 9-6 (Mon. & Thur. 9-7)

Nearest Station: Tottenham Court Road

Accountancy

The Journal of THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

ESTABLISHED 1889

Incorporating ACCOUNTING RESEARCH

VOL. LXX

APRIL 1959

NUMBER 788

The annual subscription to ACCOUNTANCY is £1 10s., which includes postage to all parts of the world. The price of a single copy is 2s. 6d. (by post, 3s.). The publication day is the twentieth of the month (the day before if the twentieth is a Sunday). Editorial and Advertisement Offices: 23 Essex Street, London, W.C.2.

CONTENTS

PROFESSIONAL NOTES

- 189 Expansion
- 190 The International Accounts
- 190 Education for Commerce
- 191 New Member of Council
- 191 End of Requisitioning
- 191 The Importance of Being "Specific and Substantial"
- 192 New President of Scottish Institute
- 192 Auditors' Duties and Indemnities
- 193 Unit Trust Prices
- 193 Training in the Broad
- 193 Company Conflicts
- 194 G.P./Office Messenger
- 194 Compensation for Loss of Goodwill
- 194 Electronic Tantrums

SHORTER NOTES

- 195 EDITORIAL
- 196 Several Shots in the Arm

LEADING ARTICLES

- 197 The Budget
- 201 The Accounting Needs of Management
- 204 On the Fringe of the Fire Policy
- 206 *Veillez Agréer...*

TAXATION ARTICLES

- 207 Quick Succession Relief—II.
- 209 Damages for Breach of Contract—Does *Gourley* Apply?

TAXATION NOTES

- 211 Subvention Payments
- 211 Government Securities Exempted from Estate Duty
- 211 Commorientes
- 212 Estate Duty on Gifts of Premium Bonds
- 212 The Forces and Western German Tax
- 212 Double Taxation
- 213 Death Duties—Ghana

RECENT TAX CASES

TAX CASES—ADVANCE NOTES

FINANCE

- 218 The Month in the City
- 219 Points from Published Accounts

PUBLICATIONS

LETTERS TO THE EDITOR

- 222 Voluntary Social Service
- 222 University Graduates
- 222 Misappropriation of Trust Moneys
- 222 Schedule A

NOTICES

LAW

- 223 Legal Notes
- 224 An Accountant's Guide to Recent Law

THE STUDENT'S COLUMNS

- 225 Information for the Board

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

- 227 Meetings of the Council
- 229 Finding and Decision of the Appeal Committee
- 229 Finding and Decision of the Disciplinary Committee
- 229 Members' Library
- 229 Sheffield Past and Present
- 230 Birmingham Presidents and the University
- 231 The Hydra-headed Institute
- 232 Automation for the Human Race
- 232 Manchester Students' Dinner
- 233 Dickerland
- 233 Chartered Accountants' Benevolent Association
- 233 Union of Chartered Accountant Students' Societies
- 234 District Societies
- 234 Students' Societies
- 235 Forthcoming Events
- 236 Personal Notes
- 236 Removals

Professional Notes

Expansion

BEHIND the expansionary Budget lay the expansionism of the *Economic Survey*, 1959. That document (Command 708), pointing to the unused resources in the economy, argued that demand, which is already expanding, now needs to expand further. "At the beginning of 1959," it said, "the United Kingdom economy is undoubtedly much stronger than in previous years. Demand and production are rising and the economy can afford to expand more than in the past few years. Subject to the need to maintain a strong external position and the continuance of the recent record of price stability at home, the Government's policy is to do all it can to foster this expansion."

Spending by the public increased last year rather more than personal incomes—both the additional spending

and the additional incomes, each expressed in real terms, came mainly in the last quarter, after the easing of the credit squeeze and of restrictions on hire purchase. The current expenditure of the Government fell in 1958 by 1½ per cent. in real terms compared with 1957; but that of local authorities was up by 4 per cent., mainly on education. Total investment in fixed assets, from all sources, was about the same in real terms as in 1957—within the total, private investment in manufacturing was 2½ per cent. lower than in 1957. Taking these various sectors of demand together with the remaining ones, aggregate demand in 1958 was slightly less in real terms than in 1957—a fact which was reflected in a slight fall in industrial production, despite some recovery in the last quarter. Profit margins seemed to be fairly constant.

The survey was optimistic about the prospects of

INCOME (£ million)		
	1957	1958
Income of employees and the Forces ..	12,908	13,440
Professional earnings* ..	259	270
Profits of sole traders and partnerships and farmers' incomes* ..	1,515	1,554
Profits of companies ..	3,251	3,095
Miscellaneous† ..	1,476	1,725
Stock appreciation ..	100	30
Gross national income (at factor cost)	19,309	20,114

* Gross of depreciation allowances.

† Profits of public bodies and undertakings, rent, net income from abroad and residual error.

EXPENDITURE (£ million)		
	1957	1958
Personal consumption ..	14,136	14,869
Current expenditure of public authorities on goods and services ..	3,596	3,734
Capital formation:		
1957 1958		
Fixed assets	2,808	2,937
Dwellings	611	583
Stocks	360	80
	3,779	3,600
Plus exports and income received from abroad not offset by imports and income paid abroad ..	346	544
Gross national expenditure (at market prices)	21,857	22,747
Less indirect taxes (net of subsidies) ..	2,548	2,633
Gross national expenditure or product (at factor cost) ..	19,309	20,114

Source: Preliminary Estimates of National Income and Expenditure, 1953 to 1958 (Command 712)

additional demand, and additional production, in 1959; it was quite optimistic about the outlook for the balance of payments. Perhaps it was taking some account of expectations (or knowledge) of the Chancellor's tax remissions, but, even so, the optimism was greater than that in some unofficial economic surveys. The National Institute of Economic and Social Research, for example, in the second number of its new series of well-produced and well-documented economic reviews,* published just

* *Economic Review*, published two-monthly by the National Institute, at 2 Dean Trench Street, London, S.W.1, at £2 a year, including postage, or 8/6 a number.

before the *Economic Survey*, put much more emphasis upon the extent of our unused productive capacity, the sluggishness of private investment and the dangers to the balance of payments.

The International Accounts

THE SURPLUS ON the balance of payments on current account was a record last year—£455 million. This achievement was mainly due to the lower prices of imports, which brought about a favourable balance of visible trade for the first time since the war, and probably for many years before. The showing of the second half of the year was less satisfactory than that of the first half, however, and we cannot hope for such a favourable outturn in 1959 as we had last year.

	£ million	
	1957	1958
Credits:		
Visible exports ..	3,515	3,429
Invisible exports ..	1,453	1,415
	4,968	4,844
Debits:		
Visible imports ..	3,573	3,309
Invisible imports ..	1,132	1,080
	4,705	4,389
Current account balance	+263	+455

Source: United Kingdom Balance of Payments, 1956 to 1958 (Command 700).

The favourable current balance of £455 million was used as to £236 million in long-term investment overseas, the remainder going to increase the gold and currency reserves, which were still further enlarged by a moderate balance of short-term investment from abroad.

Education for Commerce

SUBSTANTIAL, IF INADEQUATE, progress has been made in recent years in educating scientists and others to meet the specific requirements of British industry, but similar measures for the advancement of commerce have been far less effective. There is some hope of improvement in this field in the report, published last month, of the Advisory Committee

on Further Education for Commerce. As long ago as May, 1957, the then Minister of Education, Viscount Hailsham, asked the National Advisory Council on Education for Industry and Commerce "To consider the provisions made by local education authorities for further education for commerce at and above the level of Ordinary National Certificate and Intermediate professional examinations, and to recommend urgently what further steps should be taken to implement the commercial aspects of the policy announced in the White Paper on *Technical Education*." The Council appointed a Committee, drawn from its own members and others possessing particular experience and interest in the subject. The unanimous report of that Committee, adopted in its entirety by the Council, has now been submitted to the Minister, Mr. Geoffrey Lloyd, who hopes shortly to announce the Government's decisions.

The report advocates a great national effort, as a matter of urgency, to put education and training for commerce on an equal footing with that of scientists and technologists. The increasing competition from Europe and elsewhere has to be met in the field of education if success is to be achieved. There is a brief survey of these developments on the Continent and a mere mention of the Harvard School of Business Administration. The immediate objectives of the report seem more modest than those of the last-named body, but they will require a drastic change in outlook. Two of the major elements in the plan are a great increase in day-time release for part-time courses, and much greater reliance on, and opportunities for the advancement of, women in commerce. Other elements are sandwich courses, special advanced courses, refresher courses, commercial apprenticeship and improved teaching and training in foreign languages. The plan will require co-operation by local education authorities to improve the staffing of commercial colleges, and by the professions where appropriate. Not less, it will require the sustained support

of employers and of the relevant government Departments, and effective publicity to this end and to stimulate employees to seek increased training and responsibility. Evidently it will all be expensive, but there is little doubt that an increase in the numbers of trained personnel in commerce is a prerequisite of our keeping our place in world trade.

New Member of Council

WE HAVE MUCH pleasure in congratulating Mr. E. Kenneth Wright, M.A., F.C.A., on his election to the Council of the Institute.

Mr. Edmund Kenneth Wright, who is forty-nine years old, spent seven years of his childhood in South Africa. He was educated at Leighton Park School and St. Catherine's College, Cambridge, where he graduated in English and Economics. He served articles with Mr. Geoffrey Bostock, F.C.A., of Annan, Dexter & Co., Chartered Accountants in the City of London, and became a member of the Institute in 1937, being admitted to partnership in the firm in 1940. He is also a partner in Deloitte, Plender, Griffiths, Annan & Co.

Mr. Wright has been on the committee of the London and District Society of Chartered Accountants since 1950 and members of the District Society have happy recollections of his recent successful year of office as Chairman in 1957/58. He has served on the Taxation and Research Committee of the Institute since 1953 and for the past year has been Chairman of its Taxation Committee. Last year he was elected a Vice-President of the Chartered Accountant Students' Society of London.

One of the most absorbing interests of the new Council member outside his professional work and his family is his governorship of Leighton Park School; he is Chairman of the General Purposes Committee of the school and at odd moments can be found poring over the school budget and accounts, or ruminating on its plans for the future. For many years he has also had the hobby of journalism. He has both lectured and written widely on



Mr. E. Kenneth Wright, M.A., F.C.A.

taxation and allied subjects—particularly as a constant advocate of tax reform.

End of Requisitioning

THE MINISTER OF Housing and Local Government has reminded local authorities that their power to retain possession of requisitioned houses expires on March 31, 1960, and that he is unable to extend the period.

The number of requisitioned dwellings throughout the country was reduced from 89,600 to 28,100 from the passing of the Requisitioned Houses and Housing (Amendment) Act in 1955 up to the end of last year. Of the 28,100, 25,400 were in the Greater London area.

The main purpose of the 1955 Act was to relieve the Exchequer of the heavy burden of grants paid to local authorities. The large difference between rents and maintenance costs, a difference fully reimbursed by the Exchequer, made the burden out of proportion to the need. In wartime the need was certainly extreme, but in more recent years many families with good incomes have been enjoying excellent accommodation at only a fraction of the economic rents.

Local authorities generally have done a good job of work in releasing something like 61,500 houses in three and a half years, thus relieving

ratepayers and taxpayers of much of the burden. But for quite a few of these released houses there is still a charge on the public, since in approved instances the Government meets 75 per cent. of the losses on revenue account on houses purchased or leased by the local authority when they have been released from requisition.

The Minister reminds local authorities that payments subject to grant may be made to owners of requisitioned premises who are prepared to accept licensees as tenants. The need to purchase may also be reduced by leasing suitable properties to rehouse persons displaced. Some authorities are using a proportion of their own council and other houses to help in clearing the requisitioned dwellings.

Where it is impossible to lease or purchase by agreement a sufficient number of dwellings, the Ministry is prepared to entertain applications for compulsory purchase orders. The applications should be submitted within the next three or four months.

The Importance of Being "Specific and Substantial"

THE FINDINGS OF the Restrictive Practices Court in the recent case of the blanket industry bring out the force attached by the Judges to the words "specific and substantial" in Section 21 (1) (b) of the Restrictive Trade Practices Act of 1956. Unless the advantages to the public of a restrictive practice are found by the Court to warrant those adjectives, the practice will stand no chance of being approved, even if it does no public detriment.

Thus the Court pronounced that it was not called upon to decide whether the minimum price scheme of the Blanket Manufacturers' Association was fair and reasonable, or whether it was likely to be for the general economic advantage of the community. The legislature had performed that task. To pass the test the scheme must bring public benefits which were both specific and substantial, and the Court had reached the conclusion that the benefits alleged could not be so

described. The restrictive practice on which the scheme hung was therefore invalid.

In operating the minimum price scheme for specified blankets (see also our last issue, page 129) conversion costs and raw wool costs were returned quarterly. After certain adjustments, these costs were added, together with a percentage to cover discount, commission and 5 per cent. profit. The accountants then declared to the Association the six lowest costs so ascertained (but not the names of the six members concerned) and the lowest of the six became the minimum price until revised. It had been agreed that during 1955-58 sales of specified blankets at the minimum price were negligible, practically all sales having been at considerably higher prices. The Association contended that the existence of a minimum price gave confidence in the future and tended to promote investment, but the Court considered that expenditure on modernisation was only to a very small extent due to the minimum price scheme.

Restrictions relating to patterns which might be supplied free of charge and to carriage on parcels weighing below a stated poundage also failed on the grounds that the benefits they conferred on the public were too small to be described as substantial. A restriction of discount to 2½ per cent. for payment before the 10th of the month after consignment the Association sought to justify on the ground that if a manufacturer were free to give bigger discounts for shorter periods his gross selling price, to which the wholesaler and/or retailer would add their mark-up, would be raised. But the Court was more impressed with the counter-argument that a retailer who got a better discount for very prompt payment might be able to sell to the public at lower prices than his competitors. The restriction on discounts was not considered to confer any benefit on the public and could not be upheld.

The Court held that removal of a restriction providing for a minimum substance for blankets would deny to the public specific and substantial

advantages and that the restriction was valid. Recommendations to members of the Association on the non-acceptance of cancellations or variations of contracts without the consent of the Association did not amount to a restriction under Section 6 (1) of the Act, and were therefore outside the jurisdiction of the Court.

New President of Scottish Institute

MR. THOMAS LISTER, M.A., C.A., is the President of the Institute of Chartered Accountants of Scotland for 1959/60.

Mr. Lister is a graduate of Edinburgh University. Serving his apprenticeship with A. & J. Robertson, of Edinburgh, he was awarded distinction in the Final examination of the Scottish Institute and qualified in 1915. In 1928 he joined the staff of Thomson McLintock & Co., London, where he is now senior partner. It is noteworthy that Mr. Lister is the first President of the Institute not in practice in Scotland.

He was convener from 1953 to 1956 of the committee of the Scottish Institute which produced a far-reaching report on the training and examination of apprentices: a special general meeting to approve the necessary amendments to the rules is to be held next month.

Mr. Lister was on the Spens Committee on the remuneration of doctors and dentists under the National Health Service. He holds several directorships.

The new Vice-President is Mr. Alexander McKellar, C.A., a partner in David Strathie & Co., of Glasgow.

Auditors' Duties and Indemnities

BEFORE APRIL 30, 1930, it was usual and valid for the articles of a company to provide that directors and other officers should not be liable for losses caused by them unless caused by their own dishonesty, wilful neglect or default, or wilful act or default, but such articles were avoided by the Companies Act, 1929.

Section 205 of the Companies Act, 1948, now enacts that any provision contained in the articles of a company or in any contract with a company or otherwise, for exempting (*inter alia*) an auditor from or

indemnifying him against any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the company, shall be void. But a company may, under such a provision, indemnify an auditor against any liability incurred by him (e.g. unpaid costs) in defending any civil or criminal proceedings in which judgment is given in his favour or in which he is acquitted, or in connection with a successful application under Section 448 of the Act in which relief is given by the court.

It is clear, therefore, that an indemnity given by the company will afford no protection to an auditor who is unsuccessful in any proceedings taken against him for negligence at common law, misfeasance under the Companies Act, 1948, or criminal liability under the Companies Act or other Acts. Moreover, where an indemnity is validly given (under proviso (b) to Section 205) it does not *exempt* an auditor from liability or override the statutory liability of the auditor so as to transfer that liability from himself to the company. Only the court can grant relief under Section 448 and the statutory duty cannot be removed by the articles or by agreement. An indemnity is thus of value in that it gives the auditor a right of recourse to the company if he *incurs* liability in the circumstances set out in Section 205 (b). Obviously it is better to run no risk of incurring liability.

Difficulties sometimes arise, for example, where auditors wish to carry out certain checks and the directors are reluctant to allow such checks to be made. The duties of auditors are set out in Section 162 of and the Ninth Schedule to the Companies Act, 1948, but these duties have been further defined by case law. In determining whether an auditor has fulfilled his duties it is in every case necessary to ask whether he has exercised reasonable care and skill in certifying the accounts. In *Re London and General Bank* (No. 2) [1895] 2 Ch. 673,

THE ACCOUNTING MACHINE THAT PAYS YOU A BONUS

Burroughs Sensimatic not only speeds up routine accounting jobs—it provides invaluable management reports as a bonus. At one stroke, a Burroughs Sensimatic will revolutionize your accounting operations—introduce a new standard of speed, accuracy, and economy. The secret lies in the Sensimatic's exclusive sensing panel. This is a control unit which permits each job to be individually programmed and four or more programmes to be incorporated in one unit. In addition, Burroughs Sensimatic will provide management reports as a by-product of routine accounting applications. Maximum automaticity and economy are available. Automatic features simplify the operation of the machine. Countrywide after-sales service protects your investment. Contact your local Burroughs office, or write direct to: Burroughs Adding Machine Ltd., 356-366 Oxford Street, London, W.1. Telephone: Hyde Park 7061.

BURROUGHS SENSIMATIC



METROPOLITAN COLLEGE

Specialised Postal Training for the examinations of the INSTITUTE . . . Also for the

Assn. of Certified & Corp. Accts.

examinations — M.C. students have gained more than 11,500 PASSES and over 390 HONOURS.

Inst. of Cost & Works Accts.

examinations at which M.C. Students have gained more than 10,000 PASSES and MORE FIRST PLACES (Inter. & Final) and MORE PRIZES (Gill, Leverhulme and Moran) than have been won by ALL other candidates.

B.Sc.Econ. (Lond.) Degree

M.C. Students have gained more than 1,100 SUCCESSES and more than 250 HONOURS DEGREES in the last 10 years.

LL.B. (Lond.) Degree

M.C. Students have gained more than 1,500 SUCCESSES and 133 HONOURS DEGREES in the last 10 years.

At the C.A. and S.A.A. Examinations Students of the Metropolitan College have gained over

10,000 SUCCESSES

and more than 350 HONOURS, Prizes and Medals

including

56 FIRST PLACES

38 SECOND PLACES

66 Third and Fourth Places



★ WRITE TODAY for a free copy of the College "Accountancy" Prospectus to the Secretary (A3), METROPOLITAN COLLEGE, ST. ALBANS, OR CALL: 30 QUEEN VICTORIA STREET, LONDON, E.C.4. (Telephone: City 6874).

METROPOLITAN COLLEGE

ST ALBANS



AIDLER

An entirely original product combining adding, subtracting and balancing mechanism with a normal typewriter. Offered in two distinctive models with these features:

- Typewriter or Front Feed
- Simplex or Duplex Register Equipment
- Automatic Tabulation
- Oblique figures for Credit Balances
- Simplicity of functional keys eliminate training of operators
- One key depression converts from Accounting Machine to Typewriter

Ledger Posting
Cheque Writing
Invoicing
with the

SIMPLE ACCOUNTING MACHINE

There is an Adler model to solve every accountancy problem. Write for folders describing these models, or visit **STAND 116** BUSINESS EFFICIENCY EXHIBITION Olympia, London, May 25th—June 5th

ADLER ACCOUNTING MACHINES

(Great Britain Ltd.)

140-148 Borough High Street, London, S.E.1.
Telephone: HOP 3191

Lindley, L.J., said: "Where there is nothing to excite suspicion, very little inquiry will be reasonably sufficient . . . where suspicion is aroused, more care is obviously necessary." If, therefore, suspicious circumstances exist but the auditors allow the directors of the company to control the audit they will be exposing themselves to very great risk, even though they are covered by an indemnity or the company itself is a private company (but see *Pendleburys, Ltd. v. Ellis Green & Co.*: (1936) 80 Acct. L.R. 39). Thus, auditors have been held liable for failing to verify the petty cash and for failing to satisfy themselves regarding the adequacy of the provision for bad debts.

An indemnity from the company or a certificate of a director or manager on a particular matter may be very desirable as far as it goes; but if an auditor is unable to obtain access to all the books, accounts, vouchers and correspondence which he requires, or to obtain all the information and explanations which are necessary, there may be no alternative but to have recourse to the court or to qualify his report, as the case may be. But probably a firm stand will suffice.

Unit Trust Prices

UNITHOLDERS OFTEN ASK how the prices of units in a unit trust are calculated. There are two fundamental prices: an upper and a lower. The upper is called the issue price and the lower is the surrender price.

To build up the issue price the trust property is first valued at replacement cost by taking the market offer price of investments together with brokers' commissions, transfer stamp duty and other expenses in buying the investments, and adding the amount of any uninvested cash. The total value so reached is divided by the number of units in issue. To the resulting figure per unit is added a stated preliminary charge (two or three per cent.) and an adjustment to produce a round figure to be quoted.

The surrender price is correspondingly calculated by first taking the break-up value of the trust

property—shares being valued at market bid prices, less brokers' commission on the sales. The break-up value is divided by the number of units in issue. The resultant figure is then adjusted to a round figure.

The issue price is the maximum at which managers can sell units, and the surrender price is the figure which a unitholder can insist on receiving as a minimum when he sells units.

The spread between the issue and surrender prices is, in a typical trust, about 9 per cent. It will be seen that the spread covers:

- (a) Buying and selling commission on the securities in the trust—say, 2½ per cent. together;
- (b) Transfer duty on buying the securities—2 per cent.;
- (c) The jobbers' turn on them—say, 1½ per cent.;
- (d) The preliminary charge—say, 2 per cent.;
- (e) The amount of "round up" or "round down"—say, 1 per cent. altogether—to produce convenient final prices.

However, the actual prices in an active trust do not normally stand at the issue and surrender prices. So long as there are both buyers and sellers about the managers "make a market" in units and quote offered prices (at which they will sell) and bid prices (at which they will buy) showing a narrower margin than the 9 per cent. A typical margin is 5 per cent. That is to say, when demand exceeds supply and new units are therefore being created, the managers' offered price will be at the issue level and their bid price 5 per cent. lower; and when supply exceeds demand and this excess is being liquidated by reducing the trust fund the managers' bid price will be at the surrender level and their offered price 5 per cent. higher. Between the limits of the issue and surrender levels the managers adjust their quotations as the relationship of supply and demand requires, always maintaining the spread of 5 per cent.

Out of this 5 per cent. margin the managers have to pay 2 per cent. or somewhat more in transfer stamp duty, so that they are left with rather less than 3 per cent. for their services

in maintaining a ready market in units.

Training in the Broad

CAN AND SHOULD principals do more than they are now doing towards training their clerks? Mr. R. Ian Marshall, B.COM., C.A., President for 1958/59 of the Institute of Chartered Accountants of Scotland, thinks they certainly can and assuredly should. One suggestion he made in his valedictory address at the recent annual general meeting of the Scottish Institute was that more offices might hold regular staff meetings at which qualified and unqualified staff, including apprentices, would take part in the discussion on points arising in practice. Another suggestion was that many masters could do more switching of apprentices from job to job, despite dislocation of the office.

Mr. Marshall deprecated the use of the phrase "staying in the profession," as an alternative to "going into industry or commerce." A chartered accountant, whether in practice or not, was a professional man, and must live up to professional standards. Instilling those standards into apprentices, as well as showing them how the day-to-day work should be done, was something to which Mr. Marshall urged constant attention should be paid.

The context of Mr. Marshall's address was Scottish but his theme holds for chartered accountancy south of the Tweed also.

Company Conflicts

THE NOVELIST, if not yet the dramatist, is increasingly drawing his material from the world of business, an excellent thing for the businessman who likes his entertainment to be concerned with the world he knows. There are two new novels that deserve the businessman's attention.

*Time and Money** is mainly concerned with the struggle between age and (comparative) youth for the control of a mining company: uranium has been found, and youth wants to keep the news secret until

**Time and Money*. By Austin Stevens. Pp. 318 (Cape: 16s. net.)

effective control of the company has been secured for the family. Age, in the person of the chairman, is seeking to regain the personal power that has slipped away during his long illness; and the climax comes, very properly, in a shareholders' meeting. There is a pretty secretary, a more or less angry young man, and some office staff, as well as the controlling families; but the book stands or falls by its business interest, which is better handled than the ancillary matters.

In *Private Company*[†] there are no ancillary matters, for this is a quite unusually tightly woven story of a manufacturing company, the chairman of which is a Socialist peer who is setting up a research foundation to which he proposes to leave all his shareholding in the company. The company is run by the son of the managing director, who had built it up, and father and son fight the chairman to keep the business in the family. Accompanying this conflict is another, between shop stewards and management, and yet another, between the young shop steward and the older trade unionist, with their memories of the hard times between the wars. All the characters come vividly and variously to life, and the author is startlingly successful in his refusal to take sides: the arguments are presented and the reader must decide for himself—the issue clouded, as it so often is in life, by the fact that the protagonists are for the most part likeable people. Even the double love interest is an integral part of this very good novel, in which the high, the middle and the low of our industrial society are very well portrayed.

G.P./Office Manager

WE SEE FROM the *British Medical Journal* that doctors are becoming conscious of the need for an efficient "office." Many practices are being run inefficiently because filing, recording and book-keeping systems are either completely lacking or imperfectly understood. A movement is now on foot seeking the provision

of instruction in office management and accounts during medical training.

At an "open forum" of doctors held in the Greenwich and Deptford area recently many of the younger men, mindful of governmental exhortations to reduce the cost of treatments and prescriptions, were in favour of such instruction. They also wanted to know more about the working of the National Health scheme, and urged that, as a first step, every doctor should master the economics of his own practice.

Others, concerned at the present and prospective over-stretching of the medical curriculum, described as "monstrous" the arguments of those who wanted to introduce a commercial course. One must sympathise with the medical man who wishes to keep strictly to his medicine, itself a subject that is daily expanding, but at the same time a G.P. with several thousand patients on his list, and with paper work that is inevitably growing, can hardly afford to "muddle along" with incomplete or inaccurate records, nor can the State, as keeper of the purse, indefinitely tolerate them. The "reformers"—or does that term beg the question?—are confident that the curriculum, however taut already, could still be stretched to take in some basic instruction in accountancy and office routine. It remains to be seen whether the "responsible authorities," to whom representations are to be made, will think similarly.

Compensation for Loss of Goodwill

THE ASSESSMENT OF compensation for goodwill on the compulsory acquisition of business premises calls for team work between the accountant and the valuer. Accountants should therefore be familiar with the principles laid down by the courts, and in particular by the Court of Appeal in the recent case of *L.C.C. v. Tobin* [1959] 1 W.L.R. 354.

The case concerned an optician's business, which, after being carried on for forty years at the premises to be acquired, was moved in consequence of the acquisition to new premises about a mile away.

In assessing the compensation for the loss of goodwill, the Tribunal

averaged the net profits of the business during the last three years prior to the acquisition, and took as the multiplier three years' purchase. It then averaged the net profits earned at the new premises, taking for this purpose the actual profits made there for the year and a half since the removal and estimating the profits likely to be made during the next six months. The Tribunal, however, took one and a half year's purchase only as the multiplier for the profits at the new premises, perhaps considering that a longer period of occupancy and trading there would be necessary before any larger multiplier would be justified. The difference between these two capital values was then held to represent the amount of the loss of goodwill.

The Court of Appeal, in affirming the decision of the Tribunal, may be regarded as having laid down certain important principles, which may be thus summarised:

(1) An assessing tribunal is entitled, and indeed is required, to take into account all the known facts up to the date of the hearing.

(2) Compensation for loss of goodwill may be claimed, notwithstanding that no sale of the business has taken place or is in contemplation at the date of the hearing—and notwithstanding that the business instead of closing down completely is being carried on elsewhere.

(3) The number of years to be averaged, and the multiplier to be taken, are matters for the discretion of the assessing tribunal, and its decision on these points will not be disturbed unless it has obviously erred in principle.

(4) Finally, the expenses of the preparation of a claim for compensation, such as solicitors', accountants' and surveyors' costs and fees, are all part of the loss qualifying for compensation, and should be claimed as such.

Electronic Tantrums

WRITERS OF SCIENTIFIC fiction (and near-fiction) are pouncing on the theme that the time will come when electronic computers and similar devices will have acquired such

[†]*Private Company*. By Dudley Barker. Pp. 316. (Longmans: 16s. net.)

The School of Accountancy

Highly Successful Courses

- ★ **FOR ARTICLED CLERKS**—Courses for the Institute, Society and Association Examinations.
- ★ **FOR AUDIT CLERKS**—Courses for A.C.C.A.
- ★ **FOR QUALIFIED MEN**—I.C.W.A. Courses with concessions; and Training for Management.
- ★ **FOR CAREERS IN INDUSTRY**—I.C.W.A. Courses.
- ★ **FOR JUNIORS**—Carefully graduated Courses in Book-keeping, Auditing, and all Commercial subjects. Specialised Courses for the Prelims.

Write to

THE SCHOOL OF ACCOUNTANCY

105 Regent House,
6 Norfolk Street,
London, W.C.2

48 years of Successful
Educational Service

105 Regent House,
2 West Regent Street,
Glasgow, C.2

Send for
this book
FREE



THE
SCHOOL OF ACCOUNTANCY
105 Regent House, 6 Norfolk Street,
London, WC2

Please send me post free and
without obligation a copy of your
Guide to Careers.

'The Direct Way to Success'

Name _____

Address _____

105

MYERS

OFFICE EQUIPMENT

LIMITED

(LATE MYERS OF MOORGATE)

68 NEW BOND STREET, W.1

Telephone: MAYfair 0977/8

- Board Room and Executive Office Suites Specially Designed
- General Office Furniture
- Filing Cabinets—Cupboards—Shelving
- Canteen Equipment
- Drawing Office Supplies
- Carpets—Linoleum—Rubber Flooring
- Renovations and Removals

Complete schemes submitted
without commitment

TO BUY or BUILD a HOME

we can
arrange
a loan of
up to

95%

As one of the oldest and largest mortgage and assurance brokers, Frizzells are able to obtain for you the best possible loan and most advantageous terms to suit your personal circumstances.

New special terms make possible an advance of as high as 95% for houses up to £4,500.

A phone call will bring our representative to give you full information—quite without obligation. Every prospective home buyer should read our brochure "How Not To Put The Cart Before The Horse". Free on request.

NORMAN FRIZZELL

(LIFE & PENSIONS) LTD.

3 NEW LONDON ST., LONDON E.C.3

Telephone: ROYal 8421



The Charterhouse Group Limited

CHARTERHOUSE INDUSTRIAL DEVELOPMENT COMPANY LIMITED

provides capital from its own resources

and

THE CHARTERHOUSE FINANCE CORPORATION LIMITED

provides capital by public issue

S. JAPHET & CO. LIMITED

offers a complete merchant banking service

30 ST SWITHIN'S LANE, LONDON, E.C.4

CHARTERHOUSE CANADA LIMITED

TORONTO

The Group has Associates in Australia and South Africa

Free to you on request . . .

the "ROYAL'S"

ROAD DISTANCE CHART

shows the distances between 187 cities and towns and contains much other information of value to motorists.

Copies can be obtained from any of the Company's offices countrywide.



Head Offices:

1 North John Street
LIVERPOOL, 2

24/28 Lombard Street
LONDON, E.C.3

Investment Research

Monthly Investment Letter is designed for the ordinary investor. His problem is not "What shall I buy this week?" and a regular series of tips is of little use to him. But his portfolio should be balanced by design; and the purpose of the MIL is to warn when changes of balance should be made. The MIL costs you twenty minutes each month and one guinea each year. No. 148 will be published on April 16th. Specimen issues are available on application; write to The Publications Manager, Investment Research, 36 Regent Street, Cambridge.

developed "thinking" capacities that they will be able to stage a revolution against their creators, and become the masters of men instead of being their slaves. The idea is a very old one. Mary Wollstonecraft, in *Frankenstein*, and Karel Capek, in *R.U.R.*, were among those who have exploited it.

Meantime, there is certainly evidence that the machines, if not yet possessed of the intelligence of humans, share some of their failings, even in exaggerated form. Quite recently, for example, a Middlesbrough butcher was horrified to receive from the Northern Gas Board a bill for £999,999 19s. 11d., though his consumption of gas had been not the smallest part of a therm!

The over-charge was considered of national importance and raised in the House of Commons, where Sir Ian Horobin, on behalf of the Ministry of Power, admitted to being aware of "this curious bill." When it was urged that a system capable of errors of such magnitude should be investigated, he explained that to get the advantages of mechanisation, the Gas Board had installed a machine which "in quite specific circumstances" was liable to produce such freakish results. A more elaborate, and less fallible, monster would run the Gas Board into a capital expenditure beyond its means—and so into the red.

Another "human machine" story—not so well authenticated—concerns a computer which objected to being pushed around too much, and, whenever given a job it disliked, protested by blowing the power fuses!

Shorter Notes

Annual Meeting of Institute

The annual meeting of the Institute of Chartered Accountants in England and Wales will be held on May 6 at 2.0 p.m.

in the Hall of the Chartered Insurance Institute, 20 Aldermanbury, E.C.2. The meeting will be followed by the annual meeting of the Chartered Accountants' Benevolent Association.

The Red Book

The 1959 edition of the *List of Members* has now been issued by the Institute. It is a volume of 1,223 pages, compared with that of 830 pages published last year. It includes the names of over 10,000 members of the Society of Incorporated Accountants who became members of the Institute under the integration scheme. The edition is revised to December 31 last, when there were in all 31,381 members.

No Policing of Takeovers

The Government will not take any action to prevent or police takeover bids, it appears from a debate in the House of Lords last month. The suggestion had been made that the Treasury or Board of Trade should be entitled, on application made by an interested party (an objecting shareholder), to suspend transactions in the Ordinary shares of a company for three months. The idea clearly did not commend itself to the Government, though the Earl of Dundee promised that it would "be considered in the right quarter."

Redeemable Securities—Limit Removed

When the control on capital issues was relaxed last February (see ACCOUNTANCY for February, 1959, page 59) it remained necessary under the Control of Borrowing Order of 1958 for consent to be obtained direct from the Treasury for any issue of redeemable shares or debentures involving the capitalisation of profits or reserves if the exemption limit of £50,000 in any twelve months was exceeded. The exemption limit has now been removed. Treasury consent for these issues is required to prevent tax avoidance and there is no good reason for an exemption limit, which was imported from the controls exercised previously by the Capital Issues Committee.

Scottish Institute—Pension Scheme for Staffs

A pension and life assurance plan for the staffs of practising members of the Institute of Chartered Accountants of Scotland has been arranged by the Institute in conjunction with the Standard Life Assurance Company. Employees will contribute 4 per cent. of salary and employers a percentage of

each employee's salary according to his age. The main benefits are a pension related to years of service and final salary, at sixty-five for men and sixty for women, and life cover (for the cost of which the employers alone are responsible) of about a year's current salary, but there are also a number of valuable fringe benefits.

Inquiry into C.D.C. Finance

The functions of the Colonial Development Corporation in relation to the financial basis on which it is required to operate under statute are to be considered by a small committee appointed by the Secretary of State for the Colonies. Lord Sinclair is the chairman, and the other two members are Sir Harold Howitt, G.B.E., D.S.O., M.C., D.C.L., LL.D., J.P., F.C.A. (a past President of the Institute of Chartered Accountants in England and Wales), and Sir Archibald Forbes, G.B.E., C.A.

Cheaper Short-term Local Loans

The rate on loans to local authorities from the Local Loans Fund has been reduced, for terms of up to five years, from 5½ per cent. to 5 per cent., the lowest rate for more than three years past. For terms of between fifteen and thirty years the rate is reduced from 5¾ per cent. to 5½ per cent. For terms of between five and fifteen and of over thirty years the rates are unchanged at 5½ per cent.

Business Efficiency Exhibition

The National Business Efficiency Exhibition will be held at Olympia, London, from May 25 to June 4. The Office Appliance and Business Equipment Trades Association, organisers of the exhibition, have kindly made available complimentary tickets for members of the Institute of Chartered Accountants in England and Wales. Any member who would like a complimentary ticket should write to the Secretary of the Institute, enclosing a stamped addressed envelope.

Suggested Inquiries by Monopolies Commission

During 1958, the Board of Trade received suggestions that the following subjects should be referred to the Monopolies Commission for investigation: aluminium ingots, carbon rods for primary batteries, the distribution of petrol and lubricating oil for motor vehicles, electric shavers, gramophone records, the milling industry, mimosa extract for tanning, shot-gun cartridges and sodium bicarbonate.

EDITORIAL

Several Shots in the Arm

THERE could scarcely be a greater contrast between two Budgets than that shown by Mr. Heathcoat Amory's performance this month and his first Budget, which he himself described as unheroic. The very moderation of 1958, however, rendered not only possible but highly desirable a really massive effort on this occasion, and for some critics the question will be whether the Chancellor has not gone rather further than is prudent in seeking to stimulate consumption and increasing modernisation of industrial equipment. In permitting the taxpayer to retain an additional sum of virtually £300 million, he would be thought, according to some instructed opinion, to have gone near the limits of safety. But in addition he has undertaken to pay off post-war credits, in addition to the normal amounts, to the extent of £71 million in the current year and by so doing has raised the over-all deficit to be covered by borrowing to the very large figure of £721 million. Few people will suggest that to give about £370 million to the public, to be spent or saved and invested as they think fit, is an inadequate contribution to recovery, especially when there is added to it the very substantial rise in capital expenditure for the nationalised industries and steel.

But Mr. Amory would not agree that he has taken undue risks and he, indeed, makes out a very good case for the total of his reliefs and their distribution. It is, of course, in the latter field that justification for so large a figure has to be sought, and here he appears to justify his contentions. Of the total tax relief of £295 million, almost two-thirds arises from the cutting of the standard rate of income tax by 9d. in the pound and the other rates by 6d. Bearing in mind the high proportion of the total which will be gained by companies, and by those who are traditionally considered to be in the saving classes, it is reasonable to suppose that a fair part of the £295 million—and also of the additional post-war credit liquidation—will be saved. The remaining tax reductions consist of cuts in all the higher rates of purchase tax, accounting for one-fifth of the total tax reduction; of twopence off a pint of beer, costing half as much; and of relief to certain commercial vehicles. The various reliefs taken together should stimulate consumption quite powerfully.

But the maintenance of spending is only one half of the Chancellor's intention. The other, if numerically lesser, part is to stimulate investment. The mere fact of relief in company taxation will render investment easier, but it does not necessarily provide the inducement to invest now while the outlook is still somewhat uncertain. To

remedy this defect he has decided to substitute, for twenty points of the 30 per cent. initial allowance, an investment allowance—which, he warned the House, might be of only temporary application. The effects of this change are dealt with in detail in an article on pages 197-8, but it is evident that the concession costs nothing to the Exchequer, and, therefore, provides no financial relief this year, and very little next. What Mr. Amory is actually doing is to use the great weakness of such allowances, as compared with the better alternative of speeding up depreciation generally—their ephemeral character—to suggest to industrialists that they should “do it now,” not wait until next year. But he provides them with no financial help until next year and the ensuing years. If they have not the funds themselves, they will have to borrow in a market which is at present not too difficult, but may become more so if the Amory policy abundantly justifies itself.

Turning to the smaller measures, there is room for regret that so little has been done in the field of stamp duties, although the relief from special tax on sea insurance policies is welcome and overdue. It is high time that steps were taken to remove certain discouragements to investment by savers of small means, and there is little doubt that a sharp reduction in stamp duty on share transfers, as was recommended in the March issue of *ACCOUNTANCY*, would have been very helpful. Our own view (see the March issue again) is that the Chancellor was right not to heed the pleas for the abolition of Schedule A tax on owner-occupiers. The reliefs to directors in director-controlled companies and to certain other hard cases, together with the decision to look further into the question of public service pensions, are all unexceptionable so far as they go. The decision to reduce dividend stripping and bond washing will cause no surprise.

As this may be the last Budget before the General Election, one would have liked to see a much more extensive clearing away of anomalies, of which many exist in almost every field of taxation; but it is perhaps asking too much to expect a Chancellor, or indeed the taxing authorities, to undertake such a task in addition to the labours arising from a Budget which includes a number of major changes. Mr. Amory has at least deserved well of the public in concentrating his reliefs to a very substantial extent on cutting direct taxation rather than in seeking to please all who have legitimate claims. The last two Governments have done much to improve the tax structure and this last Budget marks a very real contribution to permitting the public to use its own money as it thinks fit.

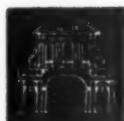
PRO TEM?

True, the Fire Insurance will finance a new building, new stock. But how long does it take a business to recover after a fire? Could you afford to carry on during this period? Legal & General have a 'Loss of Profits' Policy to cover this difficult, in-between time.

It helps meet those overheads which must still be paid for — profits or no profits.

Such insurance is the only positive way of ensuring that flames will never rob you of your profits.

If you have not already considered your own position following a fire, may we suggest you get in touch with us *at once*? It will be too late if you find yourself sitting amongst the debris.



LEGAL & GENERAL

ASSURANCE SOCIETY LIMITED

CHIEF ADMINISTRATION: 188 FLEET STREET, LONDON, E.C.4. TEL: CHANCERY 4444

assets

50,957,034

reserves

3,005,296



**LEICESTER PERMANENT
BUILDING SOCIETY**

MEMBER OF THE BUILDING SOCIETIES ASSOCIATION

Head Office: WELFORD PLACE, LEICESTER London Office: FITZHERBERT HOUSE, 49 PARK LANE, W.1

Offices at BIRMINGHAM, BOSTON, BOURNEMOUTH, BRIGHTON, BRISTOL, CARDIFF, COALVILLE, EXETER, HARROW, HINCKLEY, HULL, LEEDS, LINCOLN, LIVERPOOL, LOUGHBOROUGH, MANCHESTER, MELTON MOWBRAY, MIDDLESBROUGH, NEWCASTLE, NORTHAMPTON, NORWICH, NOTTINGHAM, PRESTON, SHEFFIELD



Price 1/6 Weekly

Subscription: £4 5s year, £2 4s half-year

First published on October 1st, 1927, *Taxation* has served the taxpayer and his advisers for over *thirty-one years*

THE LEADING AUTHORITY
provides you weekly with the latest news of

- **TAX CONCESSIONS**
- **CHANGES IN PRACTICE**
- **REPORTS OF TAX CASES**
- **ARTICLES OF TOPICAL INTEREST**
- **YOUR PROBLEM SOLVED IN FIGURES**

Read **TAXATION**

ORDER FORM

To **TAXATION PUBLISHING COMPANY LIMITED**
98 Park Street, London, W1 ★ MAYfair 7888

Please send **TAXATION** for six months/one year. Remittance
£ : s d enclosed. (£4 5s year, £2 4s half-year.)

Name

Address

A. 4/59

PRINCIPLES AND PRACTICE OF BOOK-KEEPING AND ACCOUNTS

B. G. Vickery, F.C.A.

An Intermediate text-book for students preparing for examinations of C.A., S.A.A., A.C.C.A., C.I.S., C.C.S., etc. New edition, entirely reset, over 900 pages. . . . 10s. 6d.

PRINCIPLES OF ACCOUNTING

Edited by S. W. Rowland, LL.B., F.C.A.

Revised by R. Glynne Williams, F.C.A., F.T.I.I.

For candidates preparing for Part II of the Institute of Bankers' Diploma in Accountancy. 5th edition, 1957 27s. 6d.

CASSELL & COMPANY LTD

Educational Department

35 Red Lion Square, London, W.C.1

COMMERCIAL UNION

Assurance Co. Ltd.



**Chartered Accountants
are invited to apply
for Agency facilities**

**Head Office
24 Cornhill
London E.C.3**

Branch Offices throughout the country

The Budget

THE FOLLOWING ARE the technical matters affecting income tax, profits tax, estate duty and other taxes in the Budget proposals:

Income Tax Rates

The standard rate is to be reduced by 9d. and each of the reduced rates by 6d. This will make the standard rate 7s. 9d. and the reduced rates: first £60 at 1s. 9d.; next £150 at 4s. 3d.; next £150 at 6s. 3d. (The Chancellor has no thought for the difficulties of students in examinations.) These changes will involve a complete recasting and reprinting of the P.A.Y.E. tables, so that the changes cannot become effective until the first pay day after June 7.

Consequential results of reduction in rates of income tax:

- (1) Where the total income of a person aged sixty-five or over exceeds £800 and marginal relief is appropriate, the fraction of the excess to be taken is reduced from three-fifths to eleven-twentieths.
- (2) Where the total income of a person aged sixty-five or over exceeds £275 (single person) or £440 (married) and marginal relief is appropriate, the fraction of the excess to be taken is reduced from one-half to nine-twentieths.
- (3) The limit on the total income for small income relief remains at £300 but the limit under which marginal relief can be claimed is increased from £400 to £405. The fraction of the excess of the income over £300 is reduced from nine-twentieths to two-fifths.

Surtax:

The surtax rates for 1958/59 are to be the same as those for 1957/58.

Investment Allowance

The investment allowances are to be restored in respect of expenditure after April 7, 1959. The rates will be 20 per cent. for new plant and machinery (with the same exceptions as before, i.e. ordinary motor cars and secondhand plant and machinery will not qualify but will attract the full initial allowance as in force at April 7) and 10 per cent. in respect of the construction of industrial buildings. As the initial allowances recently in force have been 30 per cent. for plant and machinery and 15 per cent. for industrial buildings, it is proposed that initial allowances shall still be given at 10 per cent. for plant and machinery and 5 per cent. for industrial buildings. The capital expenditure on new mining works which at present qualifies for a 40 per cent. initial allowance will become entitled to 20 per cent. investment allowance plus a 20 per cent. initial allowance. No change is to be made in the present treatment of capital expenditure on ships and on scientific research.

Capital expenditure on new agricultural and industrial buildings and works will become entitled to an investment allowance of 10 per cent. as it was under the Finance Act, 1954.

Post-War Credits

The repayment age is to be reduced to sixty-three for men and fifty-eight for women. The Chancellor is, however, seeking enabling powers to permit the repayment of credits by statutory order so that if later on he finds that the financial and economic circumstances would justify going further, he will be able to make a proposal to that effect. All credits now belonging to beneficiaries of deceased holders of post-war credits are to be repaid as soon as the necessary machinery can be set in motion. Three categories of hardship cases have been selected for repayment irrespective of age:

- (a) Persons who for a continuous period of twelve weeks ending after April 7, 1959, have been receiving national assistance.
- (b) Persons who after that date are named in a register of blind persons. This will not include those registered as partially blind.
- (c) Persons who after that date are receiving constant attendance allowance or unemployability supplement under the War Pensions Instruments, the Industrial Injuries Acts or the Industrial Diseases Acts, or who would have been in receipt of unemployability supplement if they had not claimed an alternative benefit or would have been in receipt of constant attendance allowance but for being hospital in-patients.

In the case of those post-war credits which are not eligible for repayment by October 1, 1959, interest will run at 2½ per cent. from that date until the beginning of the month in which repayment is made or to a date three months after the beginning of the month in which the credit became eligible for repayment, whichever is the earlier. The interest will be paid with the repayment of post-war credit. It will be compound interest and will not be liable to tax. The Income Tax (Repayment of Post-war Credits) Bill was introduced into Parliament on April 9, 1959.

Readers should not expect any immediate action. The forms have to be printed and are expected to be available in post offices about the second week in May so that the Inland Revenue may begin to make repayments in June.

Building Societies

The reduction of tax allowances which gave rise to individual post-war credits increased the composite rate paid by building societies in respect of interest to depositors and shareholders. An assurance was given by a former Chancellor of the Exchequer that this would be repaid to the societies at a later date. The total amount

outstanding is about £3½ million and the Chancellor proposes to make statutory the societies' title and to provide that the amount outstanding will carry interest at 2½ per cent., without liability to tax, from October 1, 1959, until it is possible to repay the amount. The necessary provisions are in the Bill.

Anti-avoidance

Although the Government of Eire introduced provisions into its Finance Bill of 1958 designed to stop dividend stripping, a loophole still existed whereby, through companies set up and resident in Eire, it was possible to take advantage of a provision of the double taxation agreement between the United Kingdom and Eire. An agreement has been reached with Eire for an amendment of the double taxation agreement to bar such dividend stripping in the future in both countries. The text of the agreement has been published by Her Majesty's Stationery Office (Cmd. 717, 3d. net).

Despite a rule of the Stock Exchange designed to prevent virtually simultaneous transactions of the kind, a form of "bond washing" under which certain dealers in securities and exempt institutions are making a quick profit at the expense of the Revenue by purchases of securities cum dividend and their sale ex dividend is having to be stopped. It is promised that full safeguards will be provided for normal legitimate business.

Profits Tax

A welcome proposal is to increase the limit on directors' remuneration in the case of director-controlled companies. The new limits are as follows:

	£
Where there is 1 full-time working director	3,000
Where there are 2 full-time working directors	5,000
Where there are 3 full-time working directors	7,000
Where there are 4 or more full-time working directors	9,000

The limit of 15 per cent. of the profits will remain and so will the ceiling of £15,000 and, of course, the remuneration of whole-time service directors is allowed in full and does not affect the limitation.

Corporation Duty

Corporation Duty is to be abolished. Since it provides only about £150,000 a year, it is surprising that it has not been abolished before.

Stamp Duty

The *ad valorem* duty on sea insurance policies is to be abolished and a fixed duty of 6d. imposed, as on accident policies.

Estate Duty

It is proposed to provide that gifts of life assurance policies shall be treated like gifts of other property for estate duty purposes. This provision will take effect in respect of deaths occurring after April 7, 1959. It is to apply both to life assurance policies and to policies providing annuities, and will presumably give effect to the concession which was made last year.

Changes in Taxation— Estimated Effect

	Estimate for 1959/60	Estimate for a full year
INLAND REVENUE		
<i>Income Tax—</i>	£000	£000
Reduction in rates	-192,000	-229,000
<i>Income Tax and Profits Tax—</i>		
Reintroduction of investment allowances	Negligible	*
<i>Profits Tax—</i>		
Increase in allowable amount of directors' remuneration ..	Negligible	- 3,000
<i>Estate Duty—</i>	Negligible	Negligible
<i>Stamp Duties—</i>		
Duties on sea insurance policies	- 2,000	- 3,000
<i>Corporation Duty—</i>		
Repeal of	Negligible	Negligible
TOTAL INLAND REVENUE ..	-194,000	-235,000
CUSTOMS AND EXCISE		
<i>Customs—</i>	£000	£000
Beer	- 1,500	- 1,750
Hydrocarbon oils	Negligible	Negligible
TOTAL CUSTOMS	- 1,500	- 1,750
<i>Excise—</i>		
Beer	- 30,000	- 32,750
Hydrocarbon oils	Negligible	Negligible
Liquor licences—		
Duties (including club duty)	- 3,800	- 4,800
Monopoly values	- 700	- 700
Purchase Tax	- 59,000	- 81,500
TOTAL EXCISE	- 93,500	-119,750
TOTAL CUSTOMS AND EXCISE ..	- 95,000	-121,500
MOTOR VEHICLE DUTIES	- 6,000	- 3,500
TOTAL TAX CHANGE	-295,000	-360,000

* No estimate for a "full year" can be given as the cost will increase year by year so long as the allowances remain in force and will depend on the actual level of new investment. The cost in 1960/61 will be about £9½ million.

In addition partial repayment of the debt arising under post-war credits will cost the Exchequer this year £71 million, of which £35 million will arise from reducing the qualifying age, £34 million from payments on death and £2 million from cases of specific hardship. The cost of these items next year will fall to £1 million, while the cost of interest, negligible this year, will rise to some £7 million in twenty years and decline thereafter.

SAFE and SOUND

Total assets standing at over £304,000,000! Here is a level of security to satisfy the most critical investor. Another important point: the yield is attractive too—currently $3\frac{1}{2}$ per cent per annum with income tax paid by the Society. This represents £5.14.3 per cent when income tax is paid at the standard rate.

There are now some 600,000 Abbey National investors. Their savings are safe and profitable. Their future is the brighter for their wisdom in the past.

REGULAR SAVERS!

Why not enquire about BUILD-UP shares—the simple, profitable Abbey National plan for those who can save between £1 and £10 per month?

ABBNEY NATIONAL

BUILDING SOCIETY

ABBNEY HOUSE, BAKER STREET, LONDON N.W.1

Member of The Building Societies Association

ASSETS £304,000,000



CV3-513

IN AN ANSON OFFICE

fussproof
stores
record
system

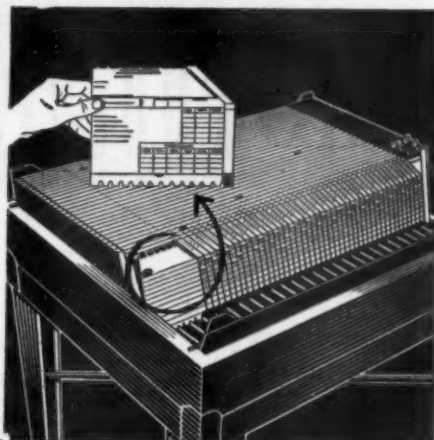
ANSON
VISIPOST

Current stock positions of every item, price levels, when to order, daily consumption figures; in fact everything you wish to know is instantly available if you install VISIPOST visible index records. Visipost saves money by preventing overstocking, anticipating demand, maintaining essential stock levels and avoiding delays and unnecessary hold-ups.

VISIPOST will mean you have items in stock which are required daily by your customers. In this way you will retain valuable goodwill and your money will be in the Bank, instead of on shelves. You cannot misfile ANSON VISIPOST CARDS and the system is so designed that thousands of cards are housed in one small steel cabinet, ready for instant reference, by means of All Visible Titles. Visipost is compact and fast to operate. New cards can be added wherever and whenever required easily.

VISIPOST IS USED FOR ALL THESE APPLICATIONS—and many more: Parts Control, Stock Control, Personnel Records, Plant Register, Costing, Hire Purchase Records, Purchase and Sales Ledger, Order Record, Credit Control.

Get the facts on Anson Visipost. Please fill in and post this inquiry form



1959

'ANSON' VISIPOST INQUIRY FORM

Please send full details of 'Anson' Visipost without obligation.

Name.....

Company

Address.....

Telephone No.....

Application

Please pin completed form to your letterheading and post to

GEORGE ANSON & CO. LTD., Solway House, Southwark Street, London, S.E.1

Tel.: WATerloo 2711 (10 lines)

A

The Institute of Taxation

President: FREDERICK BIDSTON, F.A.C.C.A., F.C.I.S.

Vice-Presidents: STANLEY A. SPOFFORTH, F.G.A., F.C.I.S.
ERNEST BEDFORD, F.S.A.A., F.I.M.T.A., A.C.I.S.

Secretary: A. A. ARNOLD, F.C.I.S.

Membership of the Institute is open only to applicants who have passed either the examinations conducted by the Institute of Taxation or the Final examinations of certain professional bodies.

Fellows and Associates receive: a textbook, annotated copies of Finance Acts, half-yearly Digests of Tax Cases and monthly circulars on special taxation subjects.

Students and others may subscribe to a scheme under which they receive all the publications except that the circulars are not issued monthly, but as and when important new taxation subjects arise.

Examinations for Fellowship and Associateship are held half-yearly. Copies of past Associateship Examination papers, with suggested answers, are available at 3s. 6d. each post free.

Full particulars may be obtained from:

THE SECRETARY

THE INSTITUTE OF TAXATION, CLIFFORD'S INN, LONDON, E.C.4

THE PROVINCIAL BUILDING SOCIETY

ONE OF THE
OLDEST

ESTABLISHED 1849

ASSETS EXCEED
£76,000,000

LARGEST

AND
SOUNDEST

RESERVES OVER £4,900,000

- ★ INCOME TAX ON INTEREST PAID BY THE SOCIETY
- ★ INTEREST FROM DATE OF INVESTMENT
- ★ EXCELLENT MORTGAGE FACILITIES

Head Offices: MARKET ST., BRADFORD 1 Tel: 29791 (7 lines)
ALBION ST., LEEDS 1 Tel: 29731 (4 lines)

London Office: ASTOR HOUSE, ALDWYCH W.C.2. Tel: Holborn 3681

RAPID YOUR SUCCESS IS ASSURED

If you study by means of R.R.C. "no text-book" courses.

Complete inexpensive tuition by qualified tutors, with clear-cut guarantee, for all the principal Accountancy and Secretarial Examinations. Also for Law (Bar, LL.B.), Local Government, Banking, Insurance, Civil Service, G.C.E., etc.

OVER 50,000 POST- WAR SUCCESSES

Write to-day, specifying your particular interest, to The Principal,

THE RAPID RESULTS COLLEGE

3 TUITION HOUSE, LONDON, S.W.19

or call at 235, Grand Buildings, Trafalgar Square, London, W.C.2 (WHI 8877), or Midland Bank House, 26 Cross Street, Manchester 2 (BLA. 9515).

1958/59 Outturn and 1959/60 Budget Estimate

(after 1959-60 Budget changes)

ABOVE THE LINE

REVENUE	£ million		EXPENDITURE	£ million	
	1958/59 Outturn	1959/60 Estimate		1958/59 Outturn	1959/60 Estimate
Inland Revenue	3,016	2,856	Interest on Debt	663	600
Customs and Excise	2,191	2,150	Sinking Funds	38	39
Motor Duties	107	104	Northern Ireland	77	79
			Miscellaneous	8	10
TOTAL TAX REVENUE	5,314	5,110	TOTAL CONSOLIDATED FUND SERVICES	786	728
Broadcast Licences	34	35	Supply: Defence	1,468	1,502
Sundry Loans	27	30	Civil (including Tax Collection)	2,849	2,993
Miscellaneous	105	150			
			TOTAL SUPPLY	4,317	4,495
TOTAL REVENUE	5,480	5,325	TOTAL EXPENDITURE	5,103	5,223
			SURPLUS	377	102
	5,480	5,325		5,480	5,325

BELOW THE LINE

RECEIPTS			PAYMENTS		
Interest outside Budget	206	240	Interest outside Budget	206	240
Export Guarantees Acts—Repayments	8	7	Loans under Export Guarantees Acts	22	50
Housing receipts from Votes	7	8	Post-War Credits	18	89
Local Authorities—Repayments	52	55	War Damage	18	18
New Towns—Repayments	1	1	Scottish Special Housing	5	6
Post Office capital repayments from Votes	10	10	Armed Forces—Housing	2	2
Town and Country Planning Acts—Repayments	3	3	Loans to Northern Ireland Exchequer	—	3
Potato Marketing Board—Repayments	8	1	Loans for New Towns Development	28	31
Sugar Board—Repayments (net)	—	8	Loans for House Purchase	—	25
Nationalised Industries (other than National Coal Board)—Repayments	29	47	Post Office capital expenditure	43	41
Other Repayments	2	2	Loans for Development of Inventions	1	1
			Town and Country Planning Acts—Compensation payments	1	1
			Loans to Colonial Development Corporation	6	10
TOTAL RECEIPTS	326	382	Loans to Colonial Governments	—	20
NET SUM BORROWED OR MET FROM SURPLUS	559	823	Loans to Potato Marketing Board	1	—
	885	1,205	Loans to National Coal Board (net)	88	90
			Loans to other Nationalised Industries	352	490
			Transport (Railway Finances) Loans	94	88
			TOTAL PAYMENTS	885	1,205
TOTAL RECEIPTS	5,806	5,707		885	1,205
			TOTAL PAYMENTS	5,988	6,428

	ESTIMATED REVENUE				£000	£000
<i>Inland Revenue—</i>						
Income Tax					2,147,000	
Surtax					171,000	
Death Duties					195,000	
Stamps					68,000	
Profits Tax, Excess Profits Tax and Excess Profits Levy ..					274,000	
Other Inland Revenue Duties					1,000	
					<hr/>	
Total Inland Revenue				2,856,000
<i>Customs and Excise—</i>						
Customs					1,285,500	
Excise					864,500	
					<hr/>	
Total Customs and Excise				2,150,000
Motor Vehicle Duties						104,000
					<hr/>	
TOTAL RECEIPTS FROM TAXES	..					5,110,000
Broadcast Receiving Licences						35,000
Receipts from Sundry Loans						30,000
Miscellaneous						150,000
					<hr/>	
TOTAL REVENUE			£5,325,000

*In addition £240 million for Interest on the National Debt will be met from receipts under various Acts authorising such application.

											£000
Post Office expenditure corresponding to Revenue	£379,000

Cost accounting has, historically, grown from traditional accounting, which concerns itself with the past. The needs of management concern the present and the future. It is suggested that a system is required much more flexible as regards costs figures and which recognises that the concept of cost varies from case to case. A partial solution would be a system analysing all costs into categories related to the specific management problem under consideration, but in addition attention would have to be directed to statistical techniques at present considered outside the accountant's sphere.

The Accounting Needs of Management

by E. A. Lowe, B.Sc.(Econ.), A.C.A.

THE NEEDS OF management in the accounting field grow with changes in the economic pattern of industry. These changes may be seen, firstly, in the tendency towards an increase in the average size of the industrial entity, in terms of real output and capital. The increase in size carries with it the necessity for greater powers of co-ordination and of check upon possible misuse and abuse, in the economic as well as other senses, of delegated authority: there are clear implications here for accounting and internal auditing. Secondly, and more specifically, the growing use of large and more specialised plant tends to make fixed and indirect costs a larger part of total costs, thereby calling for more refined accounting techniques to reveal the economic costs of production and to allocate and present these costs in the most useful way for decision-making by management.

The Traditional Accounting Approach

Accounting procedures, as usually presented in the textbooks, might justifiably be criticised for excessive concern with the legal-financial aspect of accounting and not nearly enough concern with the management-engineering aspect. The traditional approach is partly due to the historical development of the accountancy profession. The background has been a clerical one, somewhat removed from the factory floor, and accountants have been preoccupied with the needs of the balance sheet and the profit and loss account, which, prepared for tax and audit purposes, have required objective and easily-verified paper evidence of values and costs. Thus accountants have instinctively looked to the past for their values and costs, whereas management is primarily concerned with the present and future. That incursions are now being made into the tradition does not mean that it is not still very strong.

Traditional cost accounting has been developed as an extension of financial accounting, as a more detailed and analytical version of the financial accounts, often constructed upon bases of cost and of cost allocation that have been arbitrary and intended to serve a number of

purposes. Requiring forward-looking answers to its accounting questions, management has often obtained but limited help from the accountant's figures. Accounting information is frequently demanded in terms of cost concepts other than those of historic cost, average variable cost or average full cost, and the information is in many instances not readily available.

Greater flexibility in accounting methods, therefore, is called for, with some change in the emphasis which the accounting process at present places on the production of the financial accounts, with their conventional classification and their use of past values. (At the same time, the cost of accounting itself needs to be analysed much more closely, record by record and not merely in total, and compared with the yield in managerial usefulness so that those parts of the accounting which show a "loss" can be discarded.) Any new procedures that may be devised must be reduced to a practicable system.

A Revised Approach

Two examples are given of a treatment of accounting data alternative to the conventional treatment. The particular examples do not necessarily purport to display any major problems in accounting technique—rather, they are given because they concern topics commonly discussed in the textbooks and because they draw attention to the accounting needs of management.

Discounts Received

In a certain accounting period a firm makes purchases, at invoice prices, totalling £10,000, on which cash discount may be deducted at 5 per cent. if payment is made within a stipulated period. Discounts actually received on these purchases amount to £350.

The normal treatment is:

Trading Account		
Dr.		Cr.
	£	£
To purchases	10,000	
	Profit and Loss Account	
	By discounts received	350

The alternative treatment would be:

Trading Account	
To Purchases (cost net of discount)	9,500
Profit and Loss Account	
To Loss from discounts not claimed	150

The alternative of crediting suppliers with the cost net of discount is to be preferred because it isolates the discounts not claimed and helps to reveal possible inefficiency in the use of funds. It also has the further advantage of making clear that discounts received are not a source of income (as might be inferred from seeing the item on the credit side of the revenue account) but rather a reduction of the cost of purchases.

By-products—Joint Cost and Fixed Overhead Cost Allocation
The costs and revenues of a manufacturer for a certain cost period may be summarised as follows:

	Total £	Process 1 £	Process 2 £
Variable factory costs, (materials, labour and overheads)	24,000	22,250	1,750
Fixed factory costs ..	4,000	3,750	250
General administration overheads (for simplicity assumed to be wholly a cost common to both products)	4,000		
Revenues (Product A £30,500, B £3,500) ..	34,000		

Products A and B are produced from process 1 but product B requires further processing in process 2. The weight of the by-product is 10 per cent. of the total weight of the output of process 1. (This information is mentioned because physical attributes of the kind are given in cost accounting textbooks as "reasonable" bases for cost allocation.) It is required to compute the profit on each product.

The usual treatment is:

	Total £	A £	B £
Variable costs	24,000	22,250	1,750
Fixed factory costs ..	4,000	3,750	250
	28,000	26,000	2,000
Transfer A to B (10 per cent.)		2,600	2,600
		23,400	4,600
General administration overheads (allocated according to ratio of factory costs)	4,000	3,343	657
	32,000	26,743	5,257
Revenues	34,000	30,500	3,500
Net revenue	2,000	3,757	1,757 (loss)

The alternative treatment on the basis of the contribution to joint cost is:

	Product A £	Product B £	Contribution £
Separate costs:			
Variable	22,250	1,750	
Fixed	3,750	250	
	26,000	2,000	
Separate Revenues	30,500	3,500	(A) 4,500 (B) 1,500
			6,000
General administrative overheads ..			4,000
Net Revenue ..			2,000

The second method is considered to be more helpful to management because:

1. It does not attempt to assign any of the cost of process 1 to product B, for the reason that the manufacturer bears no true economic cost for that product, at the end of process 1. If product A only was required, the manufacturer having no use for B, the costs would still be the same for process 1. In other words, A and B are joint products of process 1. It is true that the weights of A and B are in the ratio 9:1 but this or any other physical fact is hardly relevant to the management question: how do manufacturing costs alter with production of A with B, or A without B or B without A? The answers to these questions give the meaningful criteria by which management should be guided.

2. The general administration overheads have not been allocated, since the amount of this cost would be the same, even if product B was not processed and sold, since it is in the nature of a cost common to both products.

3. Method (i) is more likely to lead management astray, in that it suggests that it is not worthwhile to manufacture B. Method (ii) clearly shows that both products make a contribution to overheads even in the long run, when fixed factory costs are taken into consideration—as may be further illustrated by computing the profit on the basis that B is not produced (ignoring any disposal costs for B at the end of process 1):

	£
Process 1 costs	26,000
General administration costs ..	4,000
	30,000
Revenue from A	30,500
Net Revenue	500

The difference between £500 and the actual profit (£2,000) = £1,500 = contribution from B.

The Managerial Environment

Outside of the preparation of accounts required by law or for tax, the value of the accounting department to an enterprise may be said to be in its usefulness in helping to solve managerial problems. If this view is accepted, the object is not the ascertainment of costs—it is not, indeed,

Win Friends, Popularity with Little Tricks of Everyday Talk

A well-known publisher reports there is a simple technique of everyday conversation which can pay you real dividends in both social and professional advancement and works like magic to give you added poise, self-confidence and greater popularity. The details of this method are described in a fascinating booklet, "Adventures in Conversation," sent free on request.

According to this publisher, many people do not realise how much they could influence others simply by what they say and how they say it. Those who realise this, radiate enthusiasm, hold the attention of their listeners with bright, sparkling conversation that attracts friends and opportunities wherever they go. Whether in business, at social functions, or even in casual conversations with new acquaintances, there are ways in which you can make a good impression every time you talk.

You know, through your own observation, that good talkers always win attention. They command respect! They become quickly not only popular, but often more entertaining—all of which directly helps them to bring more happiness to others while winning for themselves the good things of life.

To acquaint more readers of this paper with the easy-to-follow rules for developing skill in everyday conversation, the publishers have printed full details of their interesting self-training method in a 24-page booklet which will be sent free to anyone who requests it. The address is: Conversation Studies (Dept. ACC/CS13), Marple, Cheshire. Enclose 3d. stamp for postage.

Thinking of investing?

**There's
one very
simple
very
satisfying
answer!**

You want a good rate of interest; you want to know that your money is secure; you want to be able to withdraw without formality at any time . . . So, if you're wise, you'll choose the Halifax, the largest Building Society in the world—outstanding in strength, security and service!



**IF YOU HAVE
£10 to £5,000
INVEST IT IN
THE SECURITY
OF THE
HALIFAX**

HALIFAX BUILDING SOCIETY

HEAD OFFICE - HALIFAX - YORKSHIRE

London Offices: 51 Strand, W.C.2 • 62 Moorgate, E.C.2
136 Kensington High Street, W.8

Consult Telephone Directory for address of nearest office



9th Edition

TAXATION MANUAL

Income Tax and

Surtax

LAW AND PRACTICE

*A completely revised edition
written by barristers and
experts of wide experience*

Edited by

PERCY F. HUGHES

Gummed amendment slips are sent to
all purchasers as occasion arises, noting
changes in law and practice

PRICE 25/- NET
26/6 POST FREE

ORDER FORM

TO TAXATION PUBLISHING COMPANY LIMITED
98 Park Street, London, W1 ★ MAYfair 7888

Please supply _____ copies of the NINTH EDITION
of the 'TAXATION' MANUAL at 26s 6d post free.

Name and Address _____
[BLOCK LETTERS PLEASE]

Remittance £ _____ s _____ d enclosed.

Date _____ 1959
A/4/59



THE STATE BUILDING SOCIETY

A PROGRESSIVE AND VIRILE ORGANISATION

The twenty-eighth annual general meeting of The State Building Society was held on March 25, in London.

Mr. Noel Cow, A.C.A. (the Chairman), presided and, in the course of his speech, said: Once again it is my pleasure and privilege for the sixth consecutive year to report another record.

The year now under review has been one in which we have seen tremendous fluctuations in the Bank Rate with results which are apt to bring conflicting opinions as to the adoption of policies and rates of interest by Building Societies. This has brought about, as you are probably aware, the breakaway of a number of Societies from the Building Societies Association. The present breakaway has, of course, vindicated, with respect, the policy adopted by our Society under the guidance of our Managing Director, Mr. H. H. Murray, in the first place in not being members of the Building Societies Association and, in the second place, by determining our own independent rates of interest.

Let me for a moment give you a little picture of 1958. We started with the Bank Rate at 7 per cent. which came about suddenly in 1957. There was no certainty, therefore, to any one as to which way the Bank Rate would move during 1958. We have ended 1958 at a Bank Rate of 4 per cent., namely, a tremendous drop during the year of 3 per cent. which took place in five different stages.

In retrospect you can, I am sure, see the difficulties with which your Board was confronted at the beginning of the year, and, of course, finally dealt with in what, in all modesty I must say, is tremendous success.

The first danger to overcome was, of course, the fact that the Society lends its funds on long-term Mortgages, but obtains its investment normally from very short-term investors.

As you have been informed, last year, my Board took early steps to regularise the position by introducing an innovation for the investment in the Society by creating "Fixed Term Investment Shares." The result of such a new scheme is, of course, now apparent. It stabilises the investment from what used to be a short-term one, into the minimum three-year period of investment. For this purpose a higher rate of interest is offered on these long-term investments to encourage this type of investor. May I say immediately that this has proved a tremendous success and today about 50 per cent. of the Society's capital is secured on a minimum three-year fixed term, as against this last year we only had 25 per cent. of our capital on long-term investments.

In order to enable the Society to pay to its investors a higher rate of interest on the long term investments the Society, at the same time, charged to the Borrowers a higher rate of interest on Mortgages. This, of course, was also in line with the Bank Rate at the beginning of 1958. In view, however, of the drop in the Bank Rate by the end of 1958 the Society reduced the Mortgage interest rate charged to owner-occupiers by 1 per cent. Nevertheless, as in the past, the owner-occupier borrowers pay a slightly higher rate of interest than those charged by Societies who are members of the Building Society Association.

But our Society did something else to stabilise the rate of interest, and the financial soundness of the Society in that the Society is lending money to large Estates owned by Property Investment Companies.

This policy has also enabled the Society to obtain a steady flow of Mortgages of owner-occupiers who ultimately purchase the individual properties from the Limited Companies. If I may use, therefore, a colloquialism the Society has killed two birds with one stone,

namely it has secured a stable rate of interest to enable it to pay its investors of long term investments a higher rate of interest and, at the same time, a steady flow of new owner-occupier borrowers. I am sure you will agree with me a most successful policy.

May I now turn to another side of our Society's stability, namely Trustee Securities. Once again the value of these are in excess of the purchase price, as you will note from our Balance Sheet and as you can see through the choice made by your Board its Trustee Securities has never in the history of our Society shown any depreciation or loss. Whilst I have not seen any statistics, I believe I am right in saying that we are the only Society with such a record.

Whilst on the subject of the House Purchase and Housing Bill 1957 I would mention that it is, perhaps, remarkable that this Act vindicates another part of our Society's activity, namely, the granting of Mortgages on the older type of houses.

Most of the proposals contained in the House Purchase and Housing Bill 1957 are almost identical with the policy carried out for many years by our Society and, if I may be permitted to say, it would appear that our Society has, in fact, had its own "Housing Act" for many years.

As you can see from the Accounts, our earnings and profits have been larger than ever and are, of course, something to be proud of. However, what I really would like to mention in this connection is, that our achievements are so outstanding that, in fact, our profits are larger than those of other Societies of our own size and, in fact, exceed the profits of many much larger Societies. The policy which the Society has carried out under the guidance of our Managing Director has again reaped for our Society the fullest benefit obtainable.

Our Society's assets since the publication of the 1958 Accounts have grown further, and our assets now approach £12,000,000, and we, under the guidance of our Managing Director, look forward to another year of growth, security and success.

May I therefore now conclude firstly by repeating what has now become our permanent motto, "For safety invest in the State," and secondly I wish once again to record that such achievements as ours would not have been possible without the continued devotion to duty, diligence and hard work of our Managing Director, Executives and Staff, to whom I am sure you will join me in giving our grateful thanks.

The report was adopted.

Adv.

SHAREHOLDERS' ACCOUNTS:

The Shares Account now stands at the record total of £9,482,965. New monies invested amounted to no less a total than £4,204,784, nearly double the amount we received in 1957. There were £474,725 of share monies withdrawn and the net increase in the Share Investors Accounts is £3,730,059.

DEPOSIT AND LOAN ACCOUNTS: There were £132,746 in new deposits and there were £15,836 of withdrawals. The total of the Deposits Account is £380,209 an increase of £116,910.

MORTGAGES ACCOUNT: The total mortgages reached the record figure of £7,795,141. Mortgages at the end of 1958 numbered 9,849 and the average loan is £792.

RESERVE FUNDS: Our total reserves amounted to £326,303, equaling 3.12 per cent. of our total Assets.

LIQUIDITY: Cash stands at £278,794 and Government and other Trustee Securities as at December 31, 1958, including accrued interest, amounted to £2,217,520, making a total of £2,496,314. This is equivalent to 23.89 per cent. of our total assets.

ASSETS: The Society's Assets have risen by a remarkable increase to £10,445,664, showing an increase of £4,070,030 in the year. This is an increase of 61 per cent. for the year 1958 and the Directors are highly satisfied at this phenomenal and worthy record.

any other object of a purely accounting kind—for accounting is not an end in itself, but is practised merely as an aid to management. The setting is thus that of a managerial problem arising in a given economic situation, a problem for the solution of which management will require information, some of it of an accounting nature. As the purpose and situation differ, so may the kind of data required. In an environment of this kind there is needed a basically flexible accounting system, to produce data which will take account of the realities of the costs involved and the different ways in which these costs may be regarded. It will thus be recognised that there is no one all-purpose and absolute view of cost, but that there are many cost concepts, any of which may be of service to a management with a specific problem in a specific situation. Among the types of cost concepts are the historic, opportunity, replacement, marginal, outlay, variable, fixed, book, sunk, controllable and non-controllable.

To illustrate, take a simplified application of two of these concepts.

Opportunity Cost

If a job is accepted for a price of £1,000 and the book cost of the job is £750, normal accounting will record a profit of £250.

If, however, with the same resources a job for £1,250 was available, then in a real sense the firm has lost £250—the profit should have been £500 and not £250. There is a financial loss of £250 which might well be reported in the accounts, to disclose a managerial inefficiency; yet under existing procedures it would not usually be considered relevant to report the loss in the accounts.

Marginal Cost

A jobbing engineer has three factory employees, who are paid on a minimum guaranteed week basis. It is estimated that output could rise by one-half without the employment of a fourth operative and that output could fall by as much as one-half before it would be worthwhile dismissing an employee. For short-run planning and pricing, within the probable production range (50 per cent. to 150 per cent. activity) labour cost can therefore be regarded as fixed and there is no marginal cost of labour. However, present cost accounting procedures would regard the labour time spent on a job as being part of the prime cost of production, whereas in the short run it might pay the firm to accept a job which covered only material cost plus any other indirect variable costs but which did not cover labour cost.

It is not contended that accountants do not realise the importance of the considerations here set out but rather that they have not yet fully incorporated the corresponding techniques in the accounting structure.

Management Activities Requiring Accounting Data

The following might be said to be the broad functions for which accounting data is required:

(a) *For longer-term objectives (say over two or three years)*
Estimates of prospective profitability based upon costs and revenues for each alternative plan in terms of oppor-

tunity and incremental costs; the estimates being subject to periodical reviews as the period in question becomes closer.

There must be considerable doubt about the usefulness of the orthodox accounting approach in this sphere. If historical accounting data are used for longer-term planning it is necessary, for the data to be helpful, that they should be refined to allow for changes in, for example, prices, technology, managerial and labour efficiency and products. The process of refining can be carried through satisfactorily only with statistical techniques at present not widely used by the accountant.

(b) *For shorter-term planning*

As for (a) but demanding more detailed and precise budget figures.

(c) *For controlling current operations (the main purpose of cost accounting)*

The allocation of responsibility for performance to individuals and comparison of actual performances with the standards set in planning, in physical and monetary terms. For this purpose distinction should be especially made between controllable and non-controllable costs. Costs for which an individual is not responsible (non-controllable) cannot be allocated for this purpose, even although his activities may obtain a benefit from these costs. That is to say, for these purposes a responsibility and not a benefit criterion should be adopted for allocating responsibility for costs to the managerial hierarchy. For example, for cost control purposes there is little to be gained by allocating the costs of, say, the building maintenance department to other departments, since although all other departments clearly receive a benefit from building maintenance they do not control the costs of that department, the control of which must be internal and the responsibility for which lies, therefore, with the head of the department.

It should perhaps be emphasised that reporting in physical terms is probably just as important as reporting in monetary terms for managerial control and that consequently it might be advisable to incorporate physical units more closely in accounting records.

(d) *Special cost studies (for example, whether to substitute machinery for labour or vice versa in a particular part of production)*

Savings and additional outlays in terms of marginal costs, especially having regard to questions of sunk costs and to variations in the times at which different payments are made in the alternative schemes (that is, taking account of the interest factor). A further example would be a special study for large contract pricing purposes, in which more attention might be paid to estimates of "full cost."

(e) *External purposes*

Data to satisfy the interested party in question. This is the field of traditional accounting in which management

may have very little direct interest except in so far as it may wish to influence those interests in their relationship to the enterprise. Such interests will include investors (existing and potential), government (taxation and regulation), suppliers, customers, competitors (existing and potential). The accounting technique will be partly imposed, e.g. by tax and company law, although management need not be passive if it wishes to influence, say, the state's attitude in advocating replacement cost depreciation for tax purposes.

Conclusion

In broad outline, the main accounting needs of management seem to be twofold:

1. A system which is flexible as regards the cost figures that are readily available.

2. Greater recognition of the many concepts of cost.

Such requirements might be met, at least in part, by a book-keeping system analysing all costs, as part of the routine, into cost categories—variable and fixed, out-of-pocket and book, and so on. A bill for power or for the telephone would be analysed and posted partly to variable

out-of-pocket expenses account, partly to fixed out-of-pocket expenses account; a rent payment to fixed out-of-pocket expenses account; a depreciation provision partly to variable book expenses account (the user cost) and the rest to fixed book expenses account (the obsolescence and time part). Cost calculations would be made for a specific management problem as and when it arose and there would be drawn from the accounting records the aggregated cost according to the cost concept considered most helpful for the particular problem in hand. As a corollary, many of the routine all-purpose attempts to allocate costs would be abandoned.

However, although some such development in accounting practice would be useful, it seems inevitable that in order to keep pace with technological advance our techniques must be broadened much more than is implied by this development in practice alone. For instance, much more attention might well be directed to statistical techniques at present generally considered to be out of the accountant's field—such as correlation analysis for determining cost-output functions, particularly by use of electronic computers.

It is now widely realised that insurance against fire should keep pace with the effects of inflation. It is equally important to know just what losses may arise from fire or related hazards and how far they are covered by any given policy and can be brought into the cover, with or without additional premium.

On the Fringe of the Fire Policy

by an Insurance Correspondent

IT IS HIGHLY important, more especially in inflationary times, to maintain adequate insurances against fire. Sums insured should be kept under constant review, to ensure that they do not fall out of line with current values. But equally important is the need to see that the scope of the policies is wide enough.

Buildings. Usually a fire insurance on buildings includes landlord's fixtures and fittings, but boundary walls, gates and fences are not included unless specially mentioned. Foundations, which are normally included in the value of a building (but which rarely burn), may be specifically excluded.

Rent. Rent can be insured under a loss of profits policy, but cover can also be arranged under a fire policy for loss of rent payable or receivable

while the building is untenable after a fire (or other insured peril). The sum should represent rent for the period selected for insurance—for example, 12 months' rent.

Reinstatement. It is possible to effect insurance on a reinstatement basis. A wider cover than the normal fire insurance is then secured, in that payment will be made of the cost of rebuilding or replacing after the damage in a condition equal to that existing when the original property was new, provided that the sum insured is adequate. Insurance of this type is available for buildings, machinery and plant, but not for stock or materials in trade. The insurance is subject to the condition of average and it is essential that the sum insured should represent the approximate cost of reinstatement

in a new condition at the time of reinstatement. Thus the sum insured will be higher than under a normal fire policy, by which loss settlements are based on indemnity—the value of the property at the time of the loss.

Average. Some insurances are subject to either (a) the condition of average or (b) the special condition of average, the provisions of which cause the policyholder to be his own insurer for a proportion of any loss if the sum insured is inadequate. Under (a) above, average applies if the damaged property at the time of loss is less than the actual value of the property. Under (b) it applies if the sum insured on the damaged property is less than three-fourths of the actual value.

Architects', Surveyors' and Consultants' Fees. Any such fees necessarily



**This is
your guarantee
of accuracy
in business . . .**

The "Addressograph" Visible Card Index plate cuts costs, eliminates errors and speeds up the writing of *constantly recurring information* on invoice sets, order sets, statements, payrolls, clock cards, stores requisitions, works orders, inspection records . . . and a host of other office and works forms.

Is repetitive writing a brake on your business? Does it slow up vital paperwork . . . make it too costly . . . too prone to errors? "Addressograph" Simplified Business Systems provide the answer—let us tell you about them.

How can "Addressograph" methods help me with:

- | | |
|--|--|
| <input type="checkbox"/> Invoicing | <input type="checkbox"/> Direct Mail Advertising |
| <input type="checkbox"/> Payroll | <input type="checkbox"/> Production Control |
| <input type="checkbox"/> Control of Orders | <input type="checkbox"/> Paperwork problems generally |
| <input type="checkbox"/> Stock Control | <input type="checkbox"/> *Tick items in which interested |

NAME

ADDRESS

AY3

Addressograph - Multigraph

ADDRESSOGRAPH-MULTIGRAPH LTD., MAYLANDS AVE., HEMEL HEMPSTEAD, Herts
Tel: Boxmoor 3730

Spicer and Pegler's
Income Tax and Profits Tax

The Twenty-third Edition

by H. A. R. J. WILSON, F.C.A.

This new edition incorporates the provisions of the Finance Act 1958, and has once again been adopted by the Institute of Taxation for distribution to its members.

Price 30s: Post free UK 32s.

Irish Income Tax
and Corporation
Profits Tax

by H. A. R. J. Wilson, F.C.A., and
 F. N. Kelly, B.A.

This book is primarily for the use of students but it is also suitable for those who require a reference book well illustrated by practical examples. A Supplement covering the changes made by the Finance Act 1958 is now available to this title price 5s. (5s. 3d. post free).

Price 40s. (including supplement)
Post free UK 41s. 9d.

H.F.L. (Publishers) Ltd

10 EARLHAM STREET, CAMBRIDGE CIRCUS, LONDON, WC2

THE
 ENDOWMENT BONUS POLICY
 offers limited payment Whole Life
 Assurance with—

WHOLE LIFE
BONUSES

PAID IN FULL IN CASH

at a selected age

— o —

For MUTUAL satisfaction — consult

NATIONAL PROVIDENT
INSTITUTION

for

MUTUAL LIFE ASSURANCE

— Established 1835 —

54 GRACECHURCH ST., LONDON, E.C.3

Telephone: MANsion House 1481

KING & CO

SURVEYORS, VALUERS & AGENTS

OF

FACTORIES

—

71 BISHOPSGATE, LONDON, E.C.2

London Wall 7201 (5 lines)

incurred in the reinstatement of buildings or machinery after destruction or damage (but not for preparing any claim) may be provided for. The usual amount for insurance is 10 per cent. of the value of the buildings and 5 per cent. of the value of the machinery. The amount payable for fees is limited to those authorised under the scale of the Royal Institute of British Architects or the Royal Institute of Chartered Surveyors or the Association of Consulting Engineers, as the case may be.

Stock and Materials in Trade. If the policyholder is responsible for goods held by him in trust or on commission, the sum insured on stock should be increased to include the value of these goods.

Declaration Policies. Where there are considerable fluctuations in the maximum value of stocks throughout the year, insurance on a declaration basis may be an advantage. By this method the policyholder declares monthly the value at risk and the premium is adjusted at the end of the period of insurance.

All Other Contents. This term, when used in fire policies, includes (a) money and stamps (other than National Insurance stamps), for an amount not exceeding £100; (b) National Insurance stamps (including any liability of the policyholder for destruction or damage by fire and any other peril insured against for such stamps affixed to cards), unless more specifically insured; (c) documents, manuscripts and business books, but only for the value of the materials as stationery together with the cost of clerical labour expended in writing up and not for the value to the policyholder of the information contained therein; (d) patterns, moulds, models, plans and designs; and (e) so far as not otherwise insured, employees' pedal cycles and other personal effects for an amount not exceeding £15 in respect of any one pedal cycle and £25 in respect of the other personal effects of any one employee.

Removal of Debris. Insurance may be extended, without additional premium (except for stock), to include costs and expenses necessarily

incurred by the policyholder with the consent of the insurance office in (a) removing debris; (b) dismantling and/or demolishing; and (c) shoring up or propping up of the property destroyed or damaged by fire or by any other peril insured against by the policy. For stock an insurance may be effected by a separate item at the same rate of premium as for the fire (and other perils) insurance.

Deeds and Documents. Such property (including stamps thereon), manuscripts, plans and writings of every description and books (written or printed) may be covered without additional premium for an amount not exceeding 10 per cent. of the insured value at the policyholder's premises, while temporarily removed anywhere in the United Kingdom (including the Channel Islands) and the Irish Republic. Transit by road, rail or inland waterway.

Removal. Removal of property for (a) cleaning; (b) renovation; (c) repair or other similar purposes may be included without additional premium for an amount up to 10 per cent. of the sum insured by the item covering the property at the policyholder's premises. (This extension does not apply to stock-in-trade, merchandise, property otherwise insured, motor vehicles, motor chassis, property held in trust (other than plant and machinery) and household goods.)

Household Goods and Personal Effects. Insurance on this property covers also property belonging to members of the policyholder's family or domestic servants permanently residing with him. Temporary removal of such property anywhere in the United Kingdom—including the Channel Isles—and the Irish Republic (but not for sale or exhibition nor while in a furniture depository) is covered up to 15 per cent. of the sum insured thereon without additional premium. Any one picture or print of greater value than 5 per cent. of the total sum insured on household goods should be specifically insured as a separate item. (It should be borne in mind that we are here dealing with a householder's fire policy, not with a householder's

comprehensive policy. In a comprehensive policy some other items should be specifically insured, but in relation to the burglary and not the fire risk.)

The foregoing attempts to describe some of the extensions which are possible under the standard fire policy, and elaborates in some measure the items which may be included in it. Consider now various other perils which insurance companies classify under the heading "fire insurance," and which may be insured against, either by separate policies or as additions to the standard fire cover.

Basically, standard fire cover is "loss or damage resulting from fire, lightning, explosion of gas used for lighting or heating and boiler or economiser explosion." Additional cover, however, giving protection against various other perils, is available for damage to or destruction of buildings and/or their contents caused by the following perils:

Aircraft and other aerial devices (including "flying saucers," lunar probes and the like!) or articles dropped therefrom. The rate is normally 1d. per cent. on the amount of the fire insurance. Fire damage caused by aircraft is covered by the fire policy.

Explosion other than of a domestic boiler or by gas used for domestic purposes or used for lighting or heating the building (which is covered by the standard fire policy). A wider cover is available—for office buildings without additional premium, and for other premises usually at a rate of 3d. per cent.

Riot, civil commotion and labour disturbances may be covered at a rate of 6d. per cent. for many types of premises.

Malicious damage (other than that caused by housebreaking, burglary or larceny) may be covered as an extension of riot cover. Usually the first £10 of each loss is excluded.

Earthquake may be covered at 3d. per cent. for the fire risk and 3d. per cent. for the shock risk.

Water and weather damage may be insured against, with the exclusion of (a) the first £5 of each loss, (b) damage to fences and gates and (c)

landslip or subsidence, whether caused by flood or otherwise. Water and weather damage insurance is divided into three groups of cover, each of which is available separately:

(a) Bursting or overflowing of water apparatus (including boilers used for domestic purposes only), tanks and pipes forming part of a hot or cold system in the building or an adjoining building.

(b) Storm or tempest: for example, rain, hail, snow or wind (lightning damage is covered by the fire policy itself).

Impact with the buildings by road vehicles, horses or cattle not belonging to or under the control of the policyholder or a member of his family residing with him, may be covered.

Sprinkler leakage. Policies may be

issued giving cover against accidental discharge or leakage of water from an automatic sprinkler installation.

One risk is uninsurable. War. Policies do not include any contingency occasioned by or happening through war, invasion, act of foreign enemy (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power.

Accountant at Large

Veillez Agréer . . .

ON OCCASION, AS we find in our morning's post a letter from the United States, we may usefully look for a moment at the end-greeting. As often as not it will be "Cordially yours," even if the writer has never clapped eyes on us or, indeed, ever before been in correspondence with us; and our instinctive reaction (even if we would not dream of formulating it in so many words) may well be something like: "They're so dreadfully hearty!" Our second thought will probably be that it is merely a different idiom from our own, and means no more than "Yours faithfully" does in this country. But let us consider for a moment how far conventional formalised phrases embody different outlooks on life—and indeed whether any action is needed.

A fair starting point might be a book that first appeared in the United States in 1949, and reached a second edition in 1957: *Business Letter English*, by H. O. Robertson and Vernal H. Carmichael, PH.D. (McGraw-Hill Book Company, Inc.). On the title page Mr. Robertson is cited as of Oklahoma City, Oklahoma, and Dr. Robertson as being Professor of Business Education, Ball State Teachers' College, Muncie, Indiana. The English reader, who may or may not have a vague feeling at the back of his mind that even our

own Redbricks cannot really know much about any arts subject, will almost certainly smile in a tolerant sort of way at the thought of Indiana and Oklahoma laying down the law about undefiled wells.

If he reads on, however, he may (unless he is a very superior person indeed) have other thoughts. The book has 470 pages, and they are very detailed pages, which take the neophyte through from "The Parts of Speech Defined" to an appendix on "Special Forms of Address and Salutation." Nearly half the book is straight grammar; and our superior English reader must work in a very superior environment indeed if he has no correspondents—if, indeed, he has no colleagues—to whom he would like to recommend a course in grammar, even one which has the (quite surprisingly small) differences inherent in the foreign-ness of America.

But even moderately intelligent superior people may not be quite so conscious of the greater importance of the second half of the book, which analyses the requirements of good business writing, in reports as well as letters. When to terminate with "Cordially yours" (with which "Yours very truly," used by many English businesses, is taken as interchange) is a very small point of the primer; more significant is the clear

instruction given on the friendly and courteous phrasing of even the most unpleasant letters. Our own reaction may be "Well, I don't gush, but I think I'm always polite." That makes it possible that self-examination may be salutary.

Reinforcement of the argument may be found in the next letter we get from the Continent — from France, let us say, if for no better reason than that more of us can read French than can cope with Italian or German. Here there may be any one of a great variety of endings, usually with the basic theme: "*Veillez agréer, Monsieur, l'assurance de ma considération très distinguée.*" Within a framework of this kind there is clearly more scope in France than even in the United States for individual gradation of warmth, although it would need a much better knowledge of the idiom than most of us can muster to place any particular form of words in its position on the scale.

Discussion is obviously possible on whether French individualism as compared with the more formalised greetings of the Americans and ourselves argues in the French a greater sincerity than our own. But without exploring any such subtleties we may properly ask ourselves whether our own rather reluctant move, as a token of our esteem, from "Yours faithfully" into "Yours truly" is not the reflection of an essential frigidity rather than the healthy British reserve on which we would rather rest. The idioms of a nation must surely have more than a casual connection with its character; there is obviously a good case for saying that faithfulness

By ringing CITY 6112

you can get immediate

calculating and accounting

service at short notice

In your offices or on our own premises under confidential supervision

The value of an independent and mobile calculating service is being appreciated more and more by commercial and industrial firms. It will pay you to keep in mind the special advantages of the complete services offered by Ajax. Ajax can completely take over all your calculating work or operate as an extension of your own department when you are under temporary pressure.

Summary of the Services

1. Instant services upon receipt of a written or telephone request.
2. Operative staff available (with machines as necessary) to tackle any calculating problem, either on your premises or ours, by day or week.
3. Strict and confidential supervision of all operators' activities.

4. Our assurance that you get the maximum value for every minute of operator's working time.

Ajax Calculating Service undertakes all forms of calculating, including the following:—

ADDITIONS OF LEDGERS	MARK UP
ADDITIONS OF STOCK SHEETS	PERCENTAGES
BILLS OF QUANTITY	PAPER CALCULATIONS
COMPOUND INTEREST	PRO-RATING
COSTING • DRY MEASURE	SIMPLE INTEREST
ENGINEERING CALCULATIONS	SQUARE ROOTS
ESTIMATING	STATISTICS
EXTENSIONS OF STOCKSHEETS	SLIP ADDING
FOREIGN EXCHANGE	SPECIFICATIONS
GROSS QUANTITIES	TIMBER CALCULATIONS
GLASS CALCULATIONS	TONNAGE • WAGES
INSURANCE PREMIUMS	YARDAGE EXTENSIONS
INVOICING • LIQUID MEASURE	YARDAGE ADDITIONS

(Users of Punched Card Systems are invited to make enquiries regarding our comprehensive service bureau)

AJAX

GALCULATING SERVICE LIMITED

9 BOW LANE, LONDON, E.C.4

CPN/SAJ/1

This coupon will bring you full details

**To AJAX CALCULATING SERVICE LIMITED
Dept. AC, 9 Bow Lane, London, E.C.4.**

NAME

COMPANY

ADDRESS



A PROFITABLE INVESTMENT



A Postcard for a Copy of our illustrated "D.P." Booklet, will give you the essence of 50 years' experience in designing and manufacturing a range of Manual Accounting Systems.

It will reveal how, by a minimum capital outlay, and a moderate maintenance cost, you can effectively accomplish many of your Accountancy problems. Truly a most profitable investment.

The Book is Unique, Interesting, Original and Informative. It places you under no obligation whatsoever.

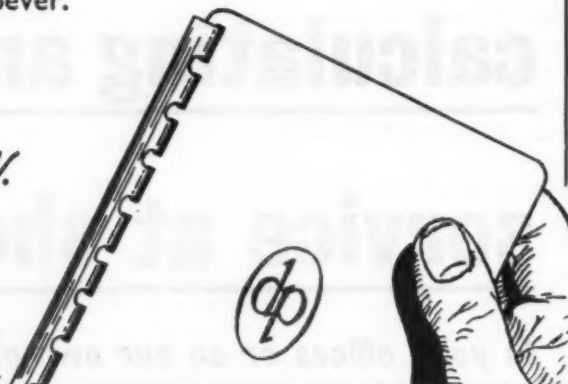
WHY NOT SEND FOR A COPY NOW?

to

Alfred Gilbert & Sons Ltd.

Creators of *Duplicate Posting* Systems
REGISTERED TRADE MARK

WOLVERLEY WORKS, THE HYDE, LONDON, N.W.9



THE
AFRICAN LIFE
ASSURANCE SOCIETY LIMITED
(INCORPORATED IN THE UNION OF SOUTH AFRICA)

**BEST FOR
ANNUITIES**

FUNDS EXCEED £28 million

Example:
MALE 68

**YIELD £12-8-0 p.a. (HALF YEARLY
INSTALMENTS)**

Registered Office for the United Kingdom:
CITY WALL HOUSE, FINSBURY PAVEMENT,
LONDON, E.C.2
TELEPHONE: MONARCH 5906/7

The First Company Registration Agency.
Established 113 years ago by Mr. Charles Double at 14-15 Serjeants
Inn, Fleet Street, and Officially appointed Agent.

CHARLES DOUBBLE LIMITED
COMPANY REGISTRATION AGENTS, COMPANY PRINTERS
COMPANIES REGISTRY

Information and assistance rendered to the profession in all matters relating to the Formation, Incorporation and Winding up of Companies.
Mortgages, Charges and Debentures Registered.
Annual Returns, Resolutions and other documents stamped and filed.
Company Forms.

COMPANY PRINTING
Memorandum and Articles of Association, Resolutions, Debentures, Share Certificates, Dividend Warrants, etc., printed with care and expedition.
Draft Memorandum and Articles of Association for a Private Company adopting with modifications Table A of the Companies Act, 1948, settled by Alexander P. McNabb, Barrister-at-Law (Lincoln's Inn). Post Free 3/9.

PROBATE REGISTRY
(*SOLICITORS ONLY)
*Papers Lodged with Estate Duty Office.
*Lodging Papers for Grant of Probate and Letters of Administration.
Searches made for Wills and Administrations and Copies obtained. Searches in General Registry for Births, Marriages and Deaths and Copies obtained.

GENERAL
Bills of Sales Registered and searches made.
Powers of Attorney, Stamped and filed.
Deed Polls and other documents enrolled.
Searches made in Probate and Divorce.
Documents Stamped and Denoted.
Adjudications carried through.
Particulars delivered, Stamp obtained.
Documents lodged for Assessment of Penalty.
Registration and Searches made in the following: Land Charges, Land Registry, Trade Marks, Patents and Design Registry, Business Names Registry, Deeds of Arrangements, Bankruptcy, Enrolments with Charity Commission.

ADVERTISING
Legal and other advertisements inserted in *London Gazette* and all English Dominion and Foreign Newspapers.

SERVICE
We welcome your enquiries in all the above matters, assuring you of our very best and prompt attention.

10 BELL YARD, TEMPLE BAR, LONDON, W.C.2
TELEPHONE: HOLBORN 0375
TELEGRAPHIC ADDRESS: DOUBBLE, ESTRAND, LONDON

and truth are greater virtues than cordiality, or even very distinguished consideration, but are we entitled, even so, to be quite satisfied?

There are other letters from the Continent, a clear majority in fact, that ought to set us to a variation of the same sort of self-examination—all that substantial number that are written in English. The English is often far from perfect: sometimes it is nearly as bad as the French we would write if we were ever to bring ourselves to so uninhibited an act (it is ignorance, not inhibition, that keeps us from Portuguese or Danish). But no one ever heard of a friendship broken or a deal lost through a Swede's attempting English rather than keeping to the safety of his own tongue: the idiomatic acrobatics are endearing, not irritating—and the attempt to meet us in our own language is in itself flattering, even if we do still regard it as our natural right. All the old arguments are there ready for mustering: everyone

abroad knows some English, there's no need for us to labour with other languages, and anyhow no Englishman is much good in a foreign language—it comes more natural to other races. Perhaps some day the trade balance will enforce a change.

Perhaps some day our descendants will have to be able to write reasonable Chinese if they are to do any business at all. For the time being it remains a matter of courtesy, and although the spectacle of English and French correspondents using each the language of the other savours of the *reductio ad absurdum*, it would seem that, whatever the basic reason of business expediency may be, the balance of courtesy is with the foreigner, whether he struggles with English or contents himself with his elaborations of *Veillez agréer*. Correspondence with foreigners does not seem to be included in Robertson and Carmichael; perhaps Americans view this aspect of business letter writing from something like our own

standpoint. But indirectly the point is covered in two sentences that deserve quotation even more than all the rest of their excellent advice: "If the writer of a letter thinks and writes exclusively from the viewpoint of his own special interest, his letter can hardly fail to seem extremely selfish in tone. On the other hand, if he broadens his thinking to include the situation of the receiver along with his own, he will largely avoid selfish tendencies, and his letter will be far more likely to enlist the support of the receiver." When we next write to America we may well feel that "Cordially yours" at the end of our letter might strike the receiver as being so un-English as to be patently insincere; but if we remember to include the situation of the receiver along with our own, our letter will itself undoubtedly be more cordial, and the slight chill of our misty climate a little dispelled. Thereafter we can perhaps graduate to some experiments in French?

Quick Succession Relief—II

Northern Ireland

Continuing the consideration of the provisions of the Finance Act, 1958, applicable where the second death is on or after April 16, 1958, it is noteworthy that a similar relief has been provided in Northern Ireland in the Finance Act (Northern Ireland), 1958, and reciprocal provisions apply. In computing relief in Great Britain on the second death, relief will be available if estate duty was paid in Northern Ireland on the first death.

Illustration

N.I. died domiciled in Northern Ireland, leaving movable property (in Northern Ireland) to G.B. who died domiciled in Great Britain. If the property was still in Northern Ireland, duty would be claimed on G.B.'s death in both countries and quick succession relief would be given in both countries; double taxation relief would be given in Great Britain. If, however,

the property was in Great Britain, no duty would be payable in Northern Ireland but quick succession relief would be given in Great Britain.

Eire is treated in the same way as any other overseas country; there is no quick succession relief in Great Britain (or Northern Ireland) because of duty paid in Eire.

Net value after first death

As stated in the first article, the value to be compared with that on the second death is the net value after the first death.

Where property forming part of the estate on the first death is transferred to a person as a specific bequest or in specie in satisfaction of a legacy, the net value is the value for estate duty purposes on that death less any amounts payable thereout in respect of death duties (in any territory) or liabilities of the estate (whether allowable for estate duty or not) unless already deducted in

* The first part of this article appeared in our March issue, pages 148-9.

computing the value or met in the course of administration out of property passing on death. It seems that specific property appropriated to a residuary legatee would come under this heading.

General bequests

In general, property is regarded as the same property as passed on the first death if there can be shown either (a) that it was the same property or (b) that it could have been derived from the same property. The difficulty of identifying cash gifts, pecuniary legacies, etc., is met by assuming that they have been retained by the recipient, if the Commissioners are satisfied that the estate on the second death has been sufficient to cover the gift at all times since it was made. If property other than money was taken but has been sold, the same rules apply to the proceeds. If the estate on the second death is insufficient because of gifts *inter vivos* which are then liable to duty, they may be included in the estate for this purpose. The same rule applies to cash and property received on distribution on the coming to an end of a settlement chargeable with duty on the earlier death.

The assumption is that the deceased has disposed of other property before disposing of the cash received.

If an assurance policy is liable to duty on the first death otherwise than as part of the free estate, or distributed as part of a settlement—e.g. a nomination policy—the proceeds (less death duties) can be regarded as the same property on the second death.

Any property not already mentioned above must be regarded as of a net value on the first death of the estate duty value at the date of that death less the estate duty paid thereout.

Illustration

On A's death, B had to pay duty on a gift *inter vivos* from A. On B's death, the value of the gift on A's death less the estate duty paid on it on A's death must be compared with the value on B's death if quick succession relief is then claimed.

Settled property

In connection with settled property the provisions are designed:

- (a) to ensure that—
 - (1) the settlement, irrespective of changes in the assets involved, is regarded as the unit, and
 - (2) a purchaser does not get relief, and
- (b) to regulate the position—
 - (1) where assets have ceased to be part of the settlement and
 - (2) when the settlement ends.

The settlement remains the same, notwithstanding changes in the investments, but a purchaser of any of the investments cannot get relief, though relief is available to a person not affected by the purchase.

Illustration

Property was settled by A on B for life, then to C for life with remainder to D. C sold his interest to X. D is nevertheless entitled to quick succession relief—he did not acquire his interest by purchase. Anyone

taking from X would not get relief in respect of the deaths of A or B. X's estate would get no relief even if he died within five years of C. If, however, the consideration for a purchase is partial, there will be relief on the proportion of the value not covered by the consideration, if the purchaser dies within the five years.

If duty is payable on the second death under Section 43, Finance Act, 1940 (disposition or determination of life interest within five years of death where some interest was retained) and the settlement has come to an end before that death, the position as to relief depends on the value of the property when it was taken out of settlement.

On property which has ceased to be settled, relief is not allowable by reference to the death after the end of the settlement other than that of (a) the settlor or (b) a person who received property under the settlement when it came to an end (otherwise than by purchase).

Illustration

S voluntarily settled property on L for life with remainder to R. S died within five years of the date of settlement and estate duty was paid on the value of the gift. L released his interest to R and in turn died within five years of S's death and of the release. Estate duty was payable under Section 43 of the Finance Act, 1940. Since S was the settlor, quick succession relief is available.

If in the illustration the remainderman were the settlor S himself, to whom L had surrendered his life interest and then died within five years, relief would be available in respect of the duty paid under Section 43.

Some general illustrations

(1) At a time when X's property consisted of a house valued at £6,000 and personalty £3,000, he received a pecuniary legacy of £15,000. On his death, he still had the house (£6,000) and other assets, £10,000. As the total, £16,000, is more than the legacy, quick succession relief will be available, despite the fact that it is obvious that part of the money has gone. Had he only had the house, £6,000 and personalty of £3,000, but had given away £5,000 in the previous five years, relief would be available on the £9,000 estate and £5,000 gift *inter vivos*.

(2) X by his will made a specific bequest of £10,000 $3\frac{1}{2}$ per cent. War Stock to Y. The estate duty value was £6,200. Y sold it for £6,500. So long as Y's estate exceeds the lower value (£6,200) on his death within five years quick succession relief will be available on it. Had Y sold for £6,000, relief would have been on that amount.

(3) X, by his will, made a bequest of £10,000 $3\frac{1}{2}$ per cent. War Stock worth £6,300 to Y, who sold it to his son for £4,600 at a time when it was worth £6,900. Y died within five years of X. On Y's death £10,000 War Stock was worth £6,600. The son would be liable to duty on one-third ($2,300/6,900$ ths) of £6,600 = £2,200 as a gift *inter vivos*, but quick succession relief would be available on one-third of £6,300 = £2,100 only, being the lower value.



THE MONRO-MATIC-DUPLEX . . .

Acquisition of a Monroe Adding-Calculator has a wonderfully stimulating effect. There are no more periodic panics because

vital figure work is incomplete, unreliable or behind schedule. At all levels and throughout every department there is a new air of confidence—borne of the certainty that every figuring

demand will be instantly, accurately and economically met by the finest automatic calculating machine that has yet been designed. Illustrated above is

the very high capacity Monroe-Matic 88N-213. In fact, whatever the size or nature

of your business, there is a Monroe specifically designed for the job.

MONROE

MONROE CALCULATING MACHINE COMPANY LIMITED,
BUSH HOUSE, LONDON, W.C.2. COVENT Garden 0211



THE MODERN ACCOUNTANT

is alert to his opportunities for arranging insurances for his clients, and advising them as to the benefits which can thereby be secured.

The Norwich Union, progressive in outlook and with funds of £160,000,000, offers a wide range of policies on attractive terms to suit the individual needs of business men. With more than 100 branch offices in the United Kingdom the Societies provide a prompt and efficient service to their agents.

NORWICH UNION



INSURANCE SOCIETIES

Head Offices:

12-20 Surrey Street, NORWICH, Norfolk



DAVIES INVESTMENTS LIMITED

The interest rate on deposits is being maintained at $7\frac{1}{2}$ per cent on sums of £20 to £500 (withdrawals on demand) plus extra $\frac{1}{2}$ per cent added annually on each unit of £500.

For Brochure giving full details of investments please write to:

INVESTMENT DEPT. AY

**DAVIES INVESTMENTS LTD
DANES INN HOUSE, 265 STRAND
LONDON WC2**

FAMILY WELFARE ASSOCIATION

OFFERS A UNIQUE SERVICE TO

ACCOUNTANTS — TRUSTEES
AND OTHER OFFICIAL AND PRIVATE PERSONS
INTERESTED IN THE MAKING AND EXECUTION
OF
LEGACIES AND CHARITABLE BEQUESTS

- ★ Free advice as to the status and financial position of charitable Organisations.
- ★ Information regarding Charities affected, and not affected by Act of Parliament.
- ★ Help and advice as to the needs of Charities for those making gifts or bequests.

FOR 86 YEARS THIS HAS BEEN PART OF THE SERVICE PROVIDED BY THE ASSOCIATION

FAMILY WELFARE ASSOCIATION

296 VAUXHALL BRIDGE ROAD
LONDON, S.W.1

VICTORIA 7334

Damages for Breach of Contract

Does *Gourley* Apply?

THE LAW REFORM Committee in its Seventh Report was unable to reach agreement on whether or not the law founded on the decision of the House of Lords in *British Transport Commission v. Gourley* [1955] 3 All E.R. 796 was in need of amendment. It considered that the practical implications of the case had not yet fully worked themselves out and that it might, therefore, be advisable to review the position after a further lapse of time. (See ACCOUNTANCY for September, 1958, pages 460-1.)

The Sixth Report of the Law Reform Committee for Scotland (see ACCOUNTANCY for February, 1959, pages 84-5) also did not recommend the present introduction of legislation to reverse the principle laid down in *Gourley's* case. The Committee considered, however, that the Court should be enabled in cases where difficult questions of tax liability are raised either (a) to order intimation to the Crown with a view to appearance, and argument, by or on behalf of the Board of Inland Revenue as a party; or (b) to invite the Lord Advocate to attend and present such arguments as might be suggested by the Board, but preferably (a). The suggestion, if adopted, would overcome the difficulty created by the fact that in the absence of the Revenue from a case, it would not be bound by the decision, and if the decision had been based on the non-taxability of damages it would be unjust and calamitous if the damages were subsequently taxed by the Revenue.

The Scottish Committee, like the English, suggested that the whole subject raised by the *Gourley* case should be considered again after some years have passed.

Meanwhile, an important decision has been given by the Second Division of the Court of Session in *Spencer v. Macmillan's Trustees* (1959) S.L.T. 41, where the point to be decided was whether an award of damages for breach of contract for the sale of the issued share capital of a company should be reduced by the amount of tax which the plaintiff and his principals would have been liable to pay on the profits of the transaction.

Sale of a shipbuilding company

The plaintiff alleged that, acting on his own behalf and for certain undisclosed principals, on November 10, 1954, or at latest by July 21, 1955, he concluded a binding contract with the former chairman and managing director (now deceased) of the Blythwood Shipbuilding Co. Ltd., for the sale by him to the plaintiff of the whole issued share capital of the company for the sum of £1,150,000. The company was a public company whose shares were not quoted on any stock exchange and at the material dates the deceased and the members of his family owned the majority of its shares and were in control of the company. The plaintiff said that the contract had been repudiated by the deceased in a letter written by him on September 22, 1955, and for that breach of con-

tract he sued the deceased's trustees and executors for £249,000, which he alleged was the difference between the contract price of £1,150,000 and the market value of the issued capital of the company at the date of the breach. If the shares of the company had been delivered in accordance with the contract, it was the intention of the purchasers to transfer them to a holding company and place them on the market.

The defendants said in reply that the plaintiff and his principals were carrying on a trade as buyers and sellers of companies with a view to earning profits, that the sum sued for represented earnings which would have been taxable in their hands, and that any damages awarded would not be subject to tax. They argued that the principles for the evaluation of damages for loss of earnings laid down by the House of Lords in *British Transport Commission v. Gourley* (*supra*), and in *West Suffolk County Council v. W. Rought, Ltd.* (1957) A.C. 403, should be applied and that any damages awarded should be reduced by the amount of tax which the purchasers would have been liable to pay on the profits of the transaction. They thus sought to bring the transaction for the purchase of the Blythwood shares into line with such cases as *Inland Revenue Commissioners v. Fraser* (1942) 24 T.C. 498, where the taxpayer, who had purchased a quantity of whisky for resale on a rising market, was held liable to tax on the resulting profit.

Assessment of damages

It should be noted, however, that the damages to which the plaintiff would be entitled if there was a breach of the alleged contract of sale would not be a sum equal to the loss of such profits as he might have made by subsequently reselling the shares, but the amount of the difference between the contract price and the market value of the shares at the date of the breach—in other words, the value of the favourable bargain the plaintiff had made when buying the shares. This basis of evaluation rests on the case of *Williams Brothers v. Edward T. Agius, Ltd.* (1914) A.C. 510, where it was expressly decided that damages for breach of contract for the sale of goods have to be assessed on the above basis irrespective of any other consideration such as forward sales or subsequent transactions for the disposal of the article covered by the original contract. And in *Spencer's* case the Court of Session (Second Division) considered that a breach of contract for the sale of shares in a limited liability company was *in pari casu* for this purpose.

This basis of assessing damages for breach of contract enables *Spencer's* case to be distinguished from the *Gourley* and *Rought* cases. In *Gourley's* case the damages awarded were for loss of professional earnings; those earnings would unquestionably have been liable to tax

in the hands of the recipient, and both parties to the case were agreed that it was not the practice of the Inland Revenue to treat damages for loss of professional earnings (or for any tort) as subject to tax, and this position was accepted by the House of Lords. In *Rought's* case the factory premises of the company were compulsorily acquired by the local authority. Some time elapsed between the acquisition of the factory and the resumption of work by the company in new premises, so that the company claimed compensation for loss of profits during the period of temporary disturbance. As part of the evidence before the tribunal whose function it was to assess the compensation, a letter was produced from a District Valuer in which the Board of Inland Revenue gave an assurance that the company would not be liable to income tax on the compensation awarded, and in these circumstances the House applied the *Gourley* principle. In one respect, therefore, *Rought's* was a special case. (For the position generally relating to damages for loss of profits see ACCOUNTANCY for September, 1958, pages 460-1.)

Damages are compensation for loss

Two conditions must be satisfied before tax can be deducted in the computation of damages: (1) the earnings lost must have been taxable had they been received, and (2) the compensation awarded in lieu of earnings must not have been taxable. In *Spencer's* case the Lord Justice-Clerk (Thomson) said that the defendants' contention that the sum sued for—the difference between the contract price and the market price of the shares at the date of the breach—could be regarded as earnings of the "concern" buying and selling companies was unsound. Damages were compensation for loss and what the plaintiff had lost was not earnings but a valuable asset. What he claimed was the value of that asset at the date of the breach and if he succeeded in his claim (which was another issue) he could use the monetary equivalent of that asset in the same way as he would have used the original asset—as a means of earning profits. Lord Patrick concurred and put the position very clearly in these terms:

When the subject matter of a contract of sale is delivered it is not possible to say that the buyer has made a profit which is assessable to income tax. That can only be said if and when the buyer has exploited the article commercially and at a profit. The buyer may decide not to resell the article but to keep it for his own use, or to make a gift of it to his family, in which case he never makes a profit on it which is assessable to income tax. The buyer may miss the market available to him when the article falls to be delivered . . . (or) he may hang on in the hope of making a larger profit and ultimately dispose of the article at a loss.

It was of no moment that the intention of the buyer when he entered into the contract of sale was to resell and reap a profit. He might change his mind or his hopes of making a profit might never be realised. It was suggested, however, since an award of damages was made only if the value of the article at the delivery date exceeded the contract price, that a plaintiff who was awarded damages must

have made a profit on the transaction. But that, said his Lordship, was a loose use of language. The question was "Has he made a profit assessable to income tax?" The plaintiff had not made such a profit and the Court was agreed that the first requisite for the application of the *ratio* of the *Gourley* decision was not present.

Deduction of tax

Lord Mackintosh said that the defendants had also not satisfied the second condition—that any damages awarded would not attract tax. They had said in argument at the hearing that on the basis of such decisions as *Barr, Crombie and Co. Ltd. v. Inland Revenue Commissioners* (1945) 26 T.C. 406, the damages would not be taxable because, by the breach of the contract and the consequent failure of the plaintiff to secure the shares of the Blythswood company, the whole substratum of the business venture, which the syndicate composed of the plaintiff and his principals was formed to carry out, had been destroyed. But this was contrary to the defendants' original pleadings which seemed to allege (to adapt to the present case the language of Lord President Clyde in *Burmah Steam Ship Co. Ltd. v. Inland Revenue Commissioners* (1931) 16 T.C. 67) that an injury was inflicted on the trading of the syndicate, thereby making a hole in its profits, so that the damages recovered, being given for the purpose of filling that hole, would have to enter the profit and loss account for the year and so become taxable in the hands of the syndicate.

Position of the Inland Revenue

The Lord Justice-Clerk (Thomson) said that as far as he knew the Court possessed no power to bring the Inland Revenue into a case to which it was not a party; while Lord Mackintosh reserved his opinion on whether, in a suitable case, the Court should attempt to decide whether damages were taxable when it might not be able to do so effectually and finally in the absence of the Revenue, upon whom the decision of the Court would not be binding. (A suggestion that the Revenue would follow whichever method of computing damages was adopted by the Court was considered more flattering than sound.) In *Asher v. London Film Productions Ltd.* (1944) K.B. 133, the Court had commented on the inconvenience of having to deal with taxation questions between subjects in the absence of the Crown but did not for that reason decline to entertain the case. Nevertheless, in view of *Spencer's* case, the recommendations of the Law Reform Committee for Scotland are of particular interest, since fiscal law is the same in Scotland as in England and Wales.

But the main interest of the case lies in the fact that it is now quite plain that unless the earnings or profits for the loss of which damages are recovered would have been undeniably taxable in the hands of the plaintiff the *Gourley* principle has no application. Moreover, there must be some special reason, such as the practice of the Revenue in *Gourley's* case or special authority as in *Rought's* case, why the damages recovered should not be taxed in the hands of the recipient.



time saving

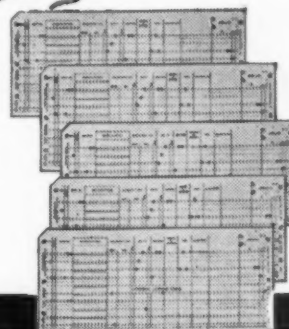


labour saving



error proof

ACCOUNTANCY with a ... PUNCH



Remington Rand have revolutionised Accountancy methods by the development of SYNCHROMATIC which makes it possible to control two machines in *one operation!*

These produce:

1. Normal visual accounting records with day-to-day control of all entries.
2. Punched cards as an automatic by-product. These punched cards are then ready for sorting and tabulating for statistical purposes.

Synchronomatic is a single accounting unit consisting of a Remington Rand 'Foremost' Accounting Machine linked electrically with an automatic key-punch. One operator—one keyboard, control both machines and their output simultaneously. *Organisations contemplating electronic computers will appreciate the*

advantages of Synchronomatic in producing computer input media at outside locations, for centralised processing. *Users of punched card equipment will realise the value of Synchronomatic in its ability to satisfy a long-felt need for providing visual and current records, in addition to punched cards.*

PART OF THE PROOF THAT
Remington Rand

**EQUIPS BUSINESS
FOR PROSPERITY**

Remington Rand Limited,
1-19 New Oxford Street, London, W.C.1. CHA 8888
Branches in all principal cities.

Established 1877

LEOPOLD FARMER & SONS

Specialise in

AUCTION SALES and VALUATIONS of PLANT, MACHINERY and INDUSTRIAL PROPERTIES

46 Gresham Street, London, E.C.2

Telephone: MONarch 3422

Telegrams: Sites, London



A flying start in life

A Gresham Children's Assurance policy matures at age 21 when the child may choose cash benefits or one of 5 with-profit policies at much lower cost than would otherwise be possible.

GRESHAM LIFE

ASSURANCE SOCIETY LTD.

FOUNDED 1848

HEAD OFFICE: ALDWYCH HOUSE, ALDWYCH, LONDON, W.C.2.

*The best books for business
are*

PITMAN
BOOKS

SOCIAL CHANGE IN THE LAW OF TRUSTS

By G. W. Keeton, M.A., LL.D. 25/- net.

Social changes in this country, especially in the last few years have created certain problems in the Law of Trusts, and in these collected essays Professor Keeton discusses fully some of the problems and the attempts which have been made, either by statutory reform or judicial decision, to solve them.

MANAGEMENT ACCOUNTING IN PRACTICE

By F. Clive de Paula. 18/- net.

Mr. de Paula here attempts to resolve some of the problems that arise when the theory of management accounting is translated into practice. A new and valuable book, especially for students of cost and works accounting.

MANAGEMENT, LABOUR AND COMMUNITY

Edited by D. Cleghorn Thompson, M.A., F.R.S.E. 35/- net.

Twenty-two of the nation's experts in management and human relations have contributed to a symposium of the most dynamic kind. The first part of the book deals with what is involved in the concept of management, and the second with practical methods of training.

Parker Street, Kingsway, W.C.2

Taxation Notes

Subvention Payments

In order that a payment between associated companies can rank as a subvention payment under Section 20, Finance Act, 1953, it must be made under an agreement providing for the paying company to bear or share in losses or a particular loss of the payee company. A correspondent has, as a result of recent experience, questioned Sir William Carrington's statement on his paper given at the Autumn Conference of the Institute (see page 525 of our issue of October, 1958) that the Revenue required an enforceable agreement in these cases. We cannot for a moment contemplate that to come within the terms of the Section an agreement could be other than enforceable. The Revenue have not hitherto sought, nor according to our information do they intend to seek, to query agreements because of lack of formality, but our understanding is that they have always insisted on there being an agreement. An exchange of letters with consideration is as enforceable as a deed. Even an oral agreement for consideration could pass if it could be substantiated; but great care should be taken—as by recording the arrangement in the minutes of the Boards of both companies—to ensure that the agreement is capable of being substantiated. Adequacy of consideration does not enter into the matter; usually the consideration is a reciprocal promise to contribute to each other's losses.

Government Securities Exempted from Estate Duty

The following government securities and loans (and interest) are exempt from estate duty if, immediately before the death, they were in the beneficial ownership of a person neither domiciled nor ordinarily resident in the United Kingdom (Section 47, Finance (No. 2) Act, 1958; Section 22, Finance (No. 2)

Act, 1931; Section 34, Finance Act, 1951):

3½	per cent.	War Loan
4	" "	Funding Loan, 1960/1990
4	" "	Victory Bonds
3	" "	War Loan, 1955/1959
2½	" "	Defence Bonds, 1946
2½	" "	National War Bonds, 1949/1951, 1951/1953, 1952/1954
3	" "	Defence Bonds, except the 5th issue, 1951
3	" "	Savings Bonds, 1955/1965, 1960/1970, 1965/1975

National Savings Certificates issued on or after November 22, 1939, except 9th and subsequent issues. Money lent to the Treasury free of interest.

The exemption of settled property depends on the domicile and residence of the life tenant or annuitant. In the case of a reversion, exemption applies if either the reversioner or the life tenant in possession is domiciled and resident outside the United Kingdom. If a life tenant has only a share in a fund, exemption applies only for that share of exempted securities (see *C.I.R. v. Crawshaw*, 1935, 153 L.T. 457). If a gift *inter vivos* is involved, it is the donee's domicile and ordinary residence at the donor's death that counts (*Re: Demarest's Settlement Trusts* [1940] Ch. 661).

Exemption does not apply to:

(a) Partnership securities, unless the partnership agreement provides that the share of assets as distinct from a share in the partnership belongs to the partner.

(b) A discretionary trust, unless all the members of the class were domiciled and ordinarily resident abroad immediately before the death in question.

(c) Securities bought by a trust after the death of a reversioner, even if the option to pay on the reversioner's death is not exercised. Securities sold after the death retain the exemption privilege for the proceeds of sale, or, if these cannot be identified, the appropriate slice of the trust fund.

(d) Securities in an estate in which a reversioner has an interest, where he dies before the administration of the estate is completed (*Sudeley v. Att. Gen.* (1897) A.C. 11).

(e) Similarly, on the death of a person entitled absolutely in possession to the unascertained residue of an estate, who dies before the administration of that estate is completed, since the securities are not in the beneficial ownership of anyone while administration continues. In such circumstances the death of a life tenant will attract exemption (*Cf.* Section 47, Finance Act, 1938).

The distinction between the exemption for estate duty and that for income tax is important. For income tax purposes, domicile does not matter; the exemption is given to persons not ordinarily resident in the United Kingdom.

Interest on National Savings Certificates is always exempted from income tax unless the holder has more than the maximum number authorised, when the whole of the interest is liable to tax.

Commorientes

The law of commorientes is that, for all purposes affecting the title to property, where two or more persons have died in circumstances rendering it uncertain which of them survived the other or others, there is a presumption that a younger person survived an elder one, subject to any court order to the contrary (Section 184, Law of Property Act, 1925).

In intestacy, this principle has been partially amended in that where an intestate and his or her spouse have died in such circumstances as above, Section 184 is to have effect as if neither had survived the other (Section 1 (4), Intestates' Estates Act, 1952). The Section still stands in all other respects except that if the deaths occur after April 15, 1958, the property chargeable to estate duty is to be ascertained as if both had died at the same instant (Section 29, Finance Act, 1958).

Property which has been the subject of a bequest under a will is prevented from lapsing where the legatee or devisee predeceased the testator if the legatee or devisee was a

child or other issue of the testator and has left issue living at the testator's death, the property devolving as if the legatee or devisee had died immediately after the testator (Section 33, Wills Act, 1837). Hitherto, this provision has given rise to estate duty being payable on both deaths, subject to quick succession relief where applicable. Aggregation might take the deceased legatee's estate into a higher rate of duty for other property as well as the legacy (or devise).

In respect of a death after April 15, 1958, there is no longer double estate duty; the property is not to be deemed for estate duty purposes to pass on the death of the legatee (or devisee).

Estate Duty on Gifts of Premium Bonds

Premium Bonds given within five years of the death of the donor will attract estate duty, but any prize money gained after the date of the gift will not be included in the gift (statement by the Chancellor of the Exchequer, July 27, 1956).

Premium Bonds held by persons who die domiciled in Northern Ireland, the Channel Islands or the Isle of Man are regarded as situate outside Great Britain.

The Forces and Western German Tax

An agreement on the tax treatment of the Forces and their members has been made between the United Kingdom, France, the United States of America and the Federal Republic of Germany (Treaty Series No. 14 (1959), Cmnd. 657, H.M. Stationery Office, 9d. net). A note states that the texts in the various languages have been reproduced exactly as signed but that discrepancies among the three language versions which have been discovered since the time of signature have not been corrected.

Under the agreement the Forces are to be exempted from taxes levied in accordance with German taxation legislation which is in effect on the entry into force of the agreement, except as otherwise provided in it. The exemption does not apply to taxes due as a result of commercial trading by the Forces in the German economy or to property used for this

purpose; nor does it apply to the excise tax on goods manufactured by the Forces in Germany, to the tax on bills of exchange, or to the transportation tax. If at any time the Forces in the future acquire real property, an agreement in respect of that will be entered into. Any fresh taxes introduced after the agreement comes into force are also to be the subject of special agreements.

Members of the Forces are to be liable to taxes levied in accordance with the existing German taxation legislation subject to any benefits under double taxation agreements. For the basis of tax liability under German law, a person is not to be deemed to have acquired residence or domicile in Western Germany by reason of his presence as a member of the Forces there. This exclusion does not apply in respect of the insurance tax if the insurer has his normal place of business in the Federal territory. The fact that no residence is established in the Federal territory does not mean that members of the Forces are to be regarded as foreign purchasers for the purpose of the turnover tax. Movable property situated in the Federal territory by reason of the presence of its owner as a member of the Forces and intended for his personal domestic use is not to be deemed to be situate in the Federal territory; this provision applies to motor vehicles only if they bear registration plates issued by the Forces. Members of the Forces are to be exempt from all German taxes and levies on payments which they receive as remuneration for their official activities with the Forces and they will enjoy the taxation benefits granted by German taxation legislation to military personnel. Beer which is procured by the Forces direct from a German manufacturer is to be exempt from excise tax. Beer imported for the Forces is also to be exempt.

The tax exemptions are to apply equally to the organisations and enterprises and their employees serving the Forces.

Any disputes arising between the three Powers and the Federal Republic which they are not able to settle by negotiation or by other means agreed

between all the signatory states, are to be subject to the jurisdiction of the Arbitration Tribunal set up by Article 9 of the Convention of Relations between the Powers concerned.

Double Taxation

The O.E.E.C. Fiscal Committee has reported on the question of eliminating double taxation, a problem pin-pointed by the introduction of the Common Market and the possibility (now rather remote) of a Free Trade Area. Despite the bilateral treaties and the unilateral relief given by the United Kingdom (U.K.) where there is no treaty, there is still much double taxation. Death duties do not come into unilateral relief (except to the extent that they are allowed as a deduction from the value of the property concerned) and few of the treaties include death duties. Death duties payable in a British possession which either does not charge duty on property situate in the U.K. or gives reciprocal relief may be deducted from the duty payable in the U.K. on the same property, if there is an Order in Council applying the relief to the possession in question: this arrangement is, in effect, similar to a treaty.

The Committee is working primarily on the O.E.E.C. countries, but any improvement which results cannot fail to have a wider effect. It will be interesting to see the new model articles to be drafted to ease the position on double taxation. In articles in *The Times* on the question it is pointed out that certain countries such as India still seem to regard negotiation of a double taxation treaty as "an occasion for stiff bargaining rather than a meeting of equals for mutual benefit." The correspondent goes on to say, "A double taxation convention is in future likely to be an elementary sanction which the foreign investor will require as a matter of course."

The Committee is concerning itself at present with the taxation of income and profits but proposes to examine later taxation of capital and death duties. The present concentration of the Committee on relief by tax credits does not seem likely to remove all anomalies of double

taxation. If the taxes are similar in both countries, it ensures that the higher rate is paid in all, but only in comparable taxes. The present treaties tax certain income, e.g. royalties, in the country of residence only. If tax is payable in both countries, relief is given in the country of residence in respect of tax paid where the income arises. The underlying unsatisfactoriness in the existing treaties is that if an overseas territory collects its revenue in indirect taxes, e.g. export taxes, etc., there is no relief; unless the overseas territory has taxes equivalent to those in the U.K., tax is paid in full in both territories.

Except for the recent introduction of the Overseas Trade Corporation,

the U.K. has not departed from the tradition of taxing its residents on all income wherever it arises, and it is likely to be difficult to get the Inland Revenue to agree readily to a departure from this system, no matter how desirable it may be to tax income only where it arises, as recommended by the International Chamber of Trade.

The Times correspondent highlights one final omission from the existing treaties, the absence of machinery for settling conflicts of law or interpretation arising out of the application of the treaties, an omission which may result in a taxpayer still paying in two countries because the treaty is interpreted differently in each.

Death Duties—Ghana

A Statutory Instrument applying the provisions of Section 20 of the Finance Act, 1894, to Ghana has been issued. This Section provides that where estate duty is levied in the United Kingdom on property situated overseas in a country within the Commonwealth to which the Section applies an allowance may be made in respect of the death duty levied on the property under the law in that country. The new instrument makes the necessary Order in Council to apply the Section to Ghana (The Death Duties (Relief against Double Duty) (Ghana) Order, 1959—S.I. 1959, No. 294). Where duty is levied in Northern Ireland the relative Statutory Instrument is No. 295.

Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

Income Tax

Charity—Trade carried on—Profits from non-alcoholic canteen—Promotion of Temperance—Dividends—Claim to exemption of profits and dividends—Income Tax Act, 1952, Sections 447 (1) (b), 448 (1) (c).

The income tax exemption of charities is subject to several conditions. In the first place, the object must be one of those which the law regards as charitable, summed up by Lord Macnaghten in *Pemsel's* case (1891, 3 T.C. 53), as "trusts for the relief of poverty, trusts for the advancement of education, trusts for the advancement of religion and trusts for other purposes beneficial to the community." Secondly, in *Williams' Trustees v. C.I.R.* (1947, A.C. 447; 26 A.T.C. 49; 27 T.C. 409), Lord Simonds, giving the only speech, save for a short one by Lord Normand, pointed out that in *Attorney-General v. National Provincial Bank* (1924, A.C. 262), Lord Cave, L.C., expanding a statement by Lindley, L.J., in an earlier case, had held that:

it is not enough to say that the trust in

question is for public purposes beneficial to the community or for the public welfare; you must also show it to be a charitable trust.

In the present case, *Dean Leigh Temperance Canteen Trustees v. C.I.R.* (Ch. 1958, T.R. 385), the Crown was prepared to admit "that for the purpose of this case, but not further or otherwise" a trust for the promotion of temperance generally was charitable as being beneficial to the community in a way which the law regarded as charitable. In other words, exemption depended on the passing of the second test.

Hereford has a great cattle market and prior to 1917 the crowds of drovers, farmers, and dealers who attended it on market days whether of choice or necessity waited about for long periods and had no places where they could rest and obtain liquid and solid refreshment other than the fifteen public houses around the market. The Special Commissioners, who had rejected the appellant's claim to charitable exemption, had found that there was at this time a great deal of drunkenness in the market.

A body recently formed, the Temperance Council for the Christian Churches of England and Wales, which had been found not to be a charity, had then approached the Hereford Corporation for permission to erect a canteen, one of the objects of the Council being to promote temperance canteens. A public subscription had been raised, a building built, and the tenants who were agents or nominees of the Council commenced business largely with volunteer labour under an annual tenancy—the parties are not stated in the judgment. Sales were to be at ordinary prices and were to be made to: "cattle drovers and others attending the market."

Considerable profits had been made, which had been invested, resulting in income in respect of which tax relief was sought. The original tenancy agreement or licence had been replaced by another on similar terms with "the persons then calling themselves trustees of the canteen," which was terminable by six months' notice on either side. The building was to be used only for the sale of the same kind of food and non-alcoholic drinks as before. Between the two agreements of tenancy, a trust deed had been entered into, on July 29, 1930, in which the business, the land and buildings, the fittings, stock-in-trade and other property were referred to as the Dean Leigh Temperance Canteen. A recital stated, *inter alia*, that the purpose was to carry on the business by

voluntary workers, and that it was the intention of the tenants that the entirety of the profits should be devoted to stated charitable purposes, either the enlarging, improving, rebuilding . . . repairing and maintaining the existing canteen or other business of similar character: "or in or towards any other objects which in the opinion of the committee tend to promote temperance but for no other purpose."

The Special Commissioners had found the evidence in the case had left them in doubt whether the sole purpose was the promotion of temperance, although they had found that it was established for some "benevolent, or public purpose." Harman, J., rejected a contention that this finding was of fact, holding that it was an inference rather than a finding of primary fact. He held that the trust deed—"lamentable as that document is"—had to be looked at; and, after careful consideration of its contents, and of the finding of the Special Commissioners that there had been drunkenness and that the canteen had to an unproved extent promoted the great improvement which had taken place, he concluded that it was a charitable venture and that the profits were within Section 448 and the dividends within Section 447.

Income Tax

Damages for breach of contract—Contract for sale of shares—Whether income tax deductible in computing amount of damages.

Spencer v. Macmillan's Trustees (Court of Session, 1958, T.R. 417) is the subject of an article on pages 209–210 of this issue.

Income Tax

Deduction in arriving at profits—Public works contractors—Agreement for supply of electricity to quarry worked for purposes of trade—Closing of quarry—Payment for termination of agreement—Whether deductible in arriving at profits of business—Income Tax Act, 1952, Section 137.

The non-legal mind has little regard for the distinction between losses incurred in carrying on a trade and capital losses consequential on doing it. In **C.I.R. v. William Sharp and Son** (Court of Session, 1959, T.R. 21) the respondents were public works contractors who worked a quarry as a means of obtaining materials used in their trade. In 1950 they had entered into a seven years' agreement with the North of Scotland Hydro Electric Board

for a supply of electricity for lighting, heating and motive power at the quarry. The payment was to be according to a recognised tariff but subject to £75 minimum per quarter as from the commencement of supply in April, 1952. In 1955, a bank of clay had made further working of the quarry impracticable and, following negotiations, an agreement was reached for cancellation of the contract in consideration of a payment of £600 arrived at by taking the cost of installation less the payments made plus 20 per cent. The respondents had claimed the £600 as a permissible deduction in arriving at the profits of their business for their trading year ending December 31, 1955, and the General Commissioners had allowed the claim, only to have their decision reversed by a unanimous Court. The Lord President (Lord Clyde) gave the only judgment.

He held that the right which the respondents obtained by the agreement of 1950 was a capital asset and made the quarry a substantially more valuable asset for their trade, and, in the circumstances, the situation was quite different from that created by a service agreement to which it was sought to assimilate it. When the quarry ceased to be capable of further use the firm had abandoned the asset and had paid a lump sum to discharge their agreement. This, in his opinion, was in such circumstances a capital payment, **Mallett v. Staveley Coal and Iron Co. Ltd.** (1928, 2 K.B. 405; 7 A.T.C. 135; 13 T.C. 772). The situation might, he said, have been different if they had left the 1950 contract standing and continued to pay the minimum quarterly charge, **C.I.R. v. Falkirk Iron Co. Ltd.** (1933, S.C. 546; 12 A.T.C. 235; 17 T.C. 625). The latter case, in which the Court of Session had approved the decision of the General Commissioners in favour of the company, deserves careful study by anyone who has to consider a like problem. Reverting to the opening sentence of this note, the student will observe how many of such cases have been appeals by the Revenue from decisions of the General Commissioners.

Estate Duty

Trust of shares under codicil to will of deceased—Trustees to apply income in making grants to four companies for twenty-one years from death of testator or until a death, whichever should first happen—In latter contingency income to be accumulated until expiry of the twenty-one years—Income then to be divided, two-fifths to be held on pro-

TECTIVE TRUSTS FOR WIFE OF TESTATOR'S NEPHEW, THREE-FIFTHS FOR THE BENEFIT OF CHILDREN OF SAID NEPHEW AND HIS SAID WIFE—Agreement between parties made order of Court whereby trustee authorised to distribute income without regard to trust for accumulation—Part of said three-fifths payable to beneficiary under direction of said nephew and wife—Death of beneficiary—Whether part of capital of three-fifths income "passed" on his death—Whether, in any case, "passing" restricted to income lasting until the end of the twenty-one years—Trustee Act, 1925, Section 33—Finance Act, 1894, Sections 1, 2 (1) (b).

Harrison's Trustee (Midland Bank Executor and Trustee Co. Ltd.) v. C.I.R. (C.A. 1958, T.R. 425) was noted in our issue of August, 1958 (pages 407–8). The question in the case was, Jenkins, L.J., observed, one on which there was a remarkable dearth of authority considering the number of times it must have arisen. The testator had died in 1937 and by a codicil to his will made in 1935 (the same year as the will) provided (Clause 2) that the income of two blocks of specified shares in two companies should be applied for twenty-one years after his death or until his daughter J. should die, whichever should first happen, in making grants to two or more of four specified shipping companies. If J. died before the end of the period the trustee was to accumulate the income until its end. Thereafter, the income from the shares and from the accumulations was to be applied as to two-fifths upon protective trusts for the benefit of A., wife of the testator's nephew F., for her life. Subject to this, during the lives of F. and A. and the survivor of them, the trustee was to apply the income of the remaining three-fifths for the benefit of such children of F. and A. as should then be living and in such shares, if more than one, as they should in writing direct.

F. died in 1957 but A. was still living. They had three children, two daughters and a son G. who had attained twenty-one years and died in October, 1955, before the expiry of the twenty-one years period in July, 1958; but the daughter of the testator was still living, so that the trust for accumulation was never operative. In July, 1940, an agreement had been executed, J. and the four companies being amongst the parties thereto, whereby an order was to be obtained from the court sanctioning, *inter alia*, a modification of the trusts of the codicil; and on November 1, 1940, Simonds, J., had made an order

CAPITAL FOR BUSINESS

*Long term loans and
share capital
for small and medium concerns*



*Industrial & Commercial
Finance Corporation
Limited*

Shareholders: The English and Scottish Banks

*Our booklet, G1, 'Capital for Business and Where to Find It',
will be sent on request*

7 Drapers' Gardens, London, E.C.2 Telephone NATIONAL 8621-5
and branches in
Birmingham, Leicester, Manchester, Leeds and also Edinburgh

Established 1807

FULLER, HORSEY, SONS & CASSELL

INDUSTRIAL AUCTIONEERS AND VALUERS

- Plant and machinery valued for balance sheets, amalgamations, new issues, estate duty, fire insurances, etc.
- Auctions anywhere in the British Isles.
- Surveyors and valuers of factories, mills, wharves and warehouses.
- Estate agents for all industrial premises.

All business conducted from the City of London

10 LLOYD'S AVENUE, LONDON, E.C.3

Telephone: ROYal 4861 (4 lines)



for Hire Purchase A/Cs
*maintain happy relations
 between Hirer and Renter*

THE REASONS:

They guarantee accurate records
Keep payments up to date
Greatly reduce labour

"May we demonstrate these practical Systems to you, without obligation to purchase? If so, please send a Postcard to the Inventors of Duplicate Posting Systems;

ALFRED GILBERT & SONS, LTD.
 Wolverley Works, The Hyde, London, N.W.9."



Your account Mr. Brown, like your goods, is always just right

whereby the trustee was authorised—not directed—to distribute all income from the shares arising during the twenty-one years period, whether or not J. was alive, upon the same trusts as those declared in the codicil in respect of the income of the shares after the expiry of the twenty-one years.

By a deed dated October 25, 1941, made between the four shipping companies, J., and the trustee, the order of Simonds, J., was substantially carried into effect. On February 22, 1954, F. and A. had directed in writing that the three-fifths share of the income from the shares should be paid to G. and his two sisters in equal shares, and, by another direction in writing of April 27, 1955, they had directed that the one-fifth share hitherto paid to G. should be paid to a specified company for his benefit. Following G.'s death on October 7, 1955, they had given a further direction that the income should be paid to his two sisters in equal shares. The issue was as to what duty, if any, was payable as the result of G.'s death. For the trustee it was contended that, whilst one of the objects of a discretionary trust had ceased to exist, the trust remained and, in consequence, there was no "passing" under the 1894 Act, under either Section 1 or Section 2 (1) (b). Danckwerts, J., had held that it was not such a discretionary trust as was envisaged by Section 33 of the Trustee Act, 1925, and that the right of F. and A. to give directions was in the nature of a power of appointment. On this point a unanimous Court of Appeal agreed with him.

On the difficult question what property passed on G.'s death, Danckwerts, J., had held that as testator's daughter J. had not died within the twenty-one years period, G. had, maybe as a result of two different titles, an interest which had lasted for the whole of his life; and so what passed was a corresponding share of the corpus of the shares. He had rejected the argument which was to find favour with the Court of Appeal. There, his decision was unanimously reversed, Jenkins and Romer, L.J.J., giving judgments, the former's being a long and careful examination. Willmer, L.J., concurred. Jenkins, L.J., said that the Revenue's argument was simply that at the time of his death G. was in receipt beneficially of one-fifth of the income under the current direction and, on his death, that share went to his two sisters. The corresponding share of capital then passed and was dutiable, it being immaterial how that passing was brought about. It was also argued, his Lordship

said, that the combined effects of the deed of October 25, 1941, and the Court order of November 1, 1940, was to accelerate the interests taking effect after the twenty-one years, G. thereby being at his death beneficially entitled under the codicil trusts as so accelerated to one-fifth of the income. For the trustee, upon the other hand, it was contended that all that passed on G.'s death was the actuarial value of one-fifth of the income for the period prior to the expiry of the twenty-one years or until the previous death of the daughter, J. In substance, Jenkins, L.J., agreed with this view, holding that the 1941 deed had disposed of the income during the twenty-one years or until the previous death of J., as a distinct item of property. It was, he said, quite wrong to disregard the trust for accumulation. This still subsisted, but under the Court order the trustee was authorised but not directed to disregard it. This trust, he said, effectively prevented the suggested acceleration. The alternate claim of the Crown to duty under Section 2 (1) (b) of the 1894 Act as on the cesser of an interest could not be entertained if Section 1 applied, and, in any event, by reason of Section 7 (7) (b) could only produce the same result.

The short judgment of Romer, L.J., was to the same effect. The 1941 deed, he said, disposed of all that the parties to it possessed, the income of the shares for an uncertain but limited period. It did not accelerate G.'s interest under the codicil but created new interests in a separate and new trust of segregated property. The interest which G. was enjoying was one arising under the deed and not under the codicil. Apart from the Court order of 1940, G.'s only beneficial interest in income from the shares was expectant on his surviving the testator by twenty-one years. The transaction had, his Lordship said, established a sub-settlement of "property" which although deriving in a sense from the codicil had an independent existence. He agreed with Jenkins, L.J., on the answer to the claim under Section 2 (1) (b). Leave was given to appeal to the House of Lords.

Excess Profits Levy

Dividend received from subsidiary company—Accounts made up for last chargeable accounting period—Dividend declared by subsidiary company during that period—Dividend paid after end of last chargeable accounting period—Whether includible as a taxable receipt of last chargeable period—Finance Act,

1937, Sections 19, 20, Schedule IV, paragraph 7—Finance Act, 1952, Sections 36, 37, 45—Finance Act, 1953, Section 27.

In *Leigh v. C.I.R.* (1927, 11 T.C. 590), Rowlatt, J., declared that "receivability without receipt for the purposes of income tax is nothing at all." Nevertheless, being purely negative, this dictum afforded no guidance in itself as to how when there was a receipt the amount received should be regarded. In *Leigh*, his Lordship held that it should be regarded as income of the actual year of receipt and, although there has been a marked division of judicial opinion upon the subject, the decision of the Court of Appeal in *C.I.R. v. Whitworth Park Coal Co. Ltd.* (1957, 37 A.T.C. 106), has determined, for the time being at any rate, that his finding is correct so far as the matter is within its jurisdiction. The case of *Bowater Sales Co. Ltd. v. C.I.R.* (Ch. 1958, T.R. 373) was a simple case of successful tax avoidance based on this principle. It arose in connection with the short-lived Excess Profits Levy imposed by Section 36 of the Finance Act, 1952, on all trades and businesses carried on by bodies corporate as from January 1, 1952, and terminated as at the end of 1953 by Section 27 of the Finance Act of that year. During the two years of the tax, in the case of the appellant company there were three chargeable accounting periods and, as regards the last three months of 1953, it had exercised the right given to it by Section 45 of the 1952 Act to prepare special accounts for the purposes of the levy.

By Section 45 of the Finance Act, 1952, the levy was made generally subject to the provisions governing the profits tax and, by paragraph 7 of the Fourth Schedule to the Finance Act, 1937, as remodelled by Section 32 of the Finance Act, 1947:

Income received from investments or other property shall be included in the profits,

with certain exceptions immaterial in the present connection. During the last period of the three months to December 31, 1953, on December 16, a dividend had been declared by an Australian subsidiary but although, as the Crown pointed out, the appellant company had in its previous accounts treated dividends declared as if they were receipts of its trade, "oddly enough," as Harman, J., observed, it had not done so during the last period; and the dividend in question had not been paid to the appellant company until January, 1954.

On appeal, the Special Commissioners had found that the dividend in question arose during the last chargeable accounting period, in the sense that it had become a debt, and so was to be included in the profits for that period. Harman, J., reversed the decision.

The appellants' first point, he said, was that the dividend not having been received within the period did not arise within it, and cited in support *Leigh* and subsequent cases. These authorities, his Lordship held, clearly established that, save for receipts from trade or analogous receipts, the operative principle was as stated above. He rejected the claim of the Crown that the dividends received by the appellant company were as much part of its trade as its trading activities, and also the "more formidable" point that by Section 20 of the 1937 Act it was laid down, "so it is said," that dividends received were to be treated as if they were Case I receipts, and that, although they might be pure income profits and not the balance of receipts over expenditure in a trade, they had to be treated as if they were the latter. He held that Section 20 did not require him to treat a debt which was a pure income profit when received as having to be brought in as if it were a trade receipt. At the close of his judgment, he remarked that the Crown would have him read "income received from investments" as if it read "received or to be received" but that he did not see why, in the face of the whole income tax principle, he should do so.

Whilst in England the above-mentioned general principle is operative, in Scotland a unanimous Court of Session in *C.I.R. v. The Earl of Haddington* (1924, 8 T.C. 711; S.C. 456), held that, to use a form of expression similar to that used in the dictum of Rowlatt, J., "payability without payment may be something." In fact, the application of the *Leigh* principle in that case would, as Rowlatt, J., was well aware, have resulted in serious injustice to the recipient of two years' income in one year. The fundamental problem is, however, one of difficulty and affects not only what is within the charge under Case III of Schedule D but also Schedules A and C.

Stamp Duty

Exemption—Conveyance of freeholds and leaseholds from one associated limited liability company to another—Whether one of the companies beneficial owner of not less than 90 per cent. of issued share

capital of the other—Whether consideration provided directly or indirectly by third party—Whether transfers of shares similarly—Stamp Act, 1891, Schedule 1 "Conveyance or Transfer on Sale"—Finance Act, 1930, Section 42—Finance Act, 1938, Section 50.

In 1930 the creation of large undertakings by the amalgamation of smaller units was favoured. By Section 42 of the Finance Act, 1930, exemption from the stamp duty upon conveyances and transfers on sale was granted in respect of transactions between associated companies where not less than 90 per cent. of the issued share capital of one company was beneficially owned by the other. The dispensation was subject to certain conditions. As was only to be expected, so valuable a concession gave scope for ingenuity, and Section 50 of the Finance Act, 1938, was enacted whereby the benefit of Section 42 was excluded where, directly or indirectly, the consideration for the conveyance or transfer was provided "in pursuance of or in connection with an arrangement" by a person other than an "associated" company as defined.

The triple case of *Holmleigh (Holdings) Ltd. v. C.I.R.*, *Metropolitan Boot Co. Ltd. v. C.I.R.* and *Hale (Holdings) Ltd. v. C.I.R.* (Ch. 1958, T.R. 403) arose out of a "takeover" by which the footwear manufacturing and retailing businesses of the A. & W. Flatau group of companies were acquired by Great Universal Stores Ltd., the other assets of the group being retained by the Flatau shareholders. The whole of the assets were valued at £1,835,000, of which £1,055,000 represented the value of the footwear assets. The £1,055,000 was to be satisfied by payment of £655,000 in cash and £400,000 by the

allotment of 200,000 shares of 5s. in G.U.S. at £2 per share. G.U.S. did not want the other assets. The intention was to carry out the transaction by transfers not of assets but of shares and, therefore, the vendors would be the Flatau shareholders and not the company; and the object of a most elaborate scheme, described by Harman, J., as a piece of "financial wizardry", was to carry out the separation of the Flatau group assets by means of conveyances or transfers which would be within the exemption given by Section 42 of the Finance Act, 1930, and not caught by Section 50 of the Finance Act, 1938. As in *Escoigne Properties Ltd. v. C.I.R.* (1958, 1 All E.R. 406; 37 A.T.C. 41), the device of the dummy company, two such companies in fact, as intermediate agent was employed, although had the House of Lords decision in that case been foreseen it may be doubted whether the present scheme would have been adopted. The *Escoigne* case was the subject of an article and an extended note in our issue of July, 1958 (pages 345-7 and 361-2).

Harman, J., held that all three appeals failed. The *Metropolitan* case, whilst within Section 42, was caught by Section 50, in that the consideration for the transfer had been provided by G.U.S. within the meaning of the Section. As regards the other two cases, he held that in considering the 90 per cent. condition in Section 42 the position had to be looked at immediately before the transaction and that at the critical date Flatau was not the beneficial owner of the shares issued by the dummy companies. He also held that they were caught by Section 50. The scheme was too elaborate for reproduction in these columns.

Tax Cases— Advance Notes

COURT OF APPEAL (Jenkins, Romer and Pearce, L.JJ.).

Thomson (H.M.I.T.) v. Moyse. March 9, 1959.

Their Lordships (Lord Justice Pearce dissenting) in a reserved judgment dismissed the Crown's appeal from the judgment of Wynn-Parry, J., who had held that transactions carried out by the taxpayer did not constitute remittances

of income from the United States under Cases IV and V of Schedule D. (See ACCOUNTANCY for January, 1959, page 29.)

COURT OF APPEAL (Jenkins, Romer and Ormerod, L.JJ.).

Re Tapp, deceased. March 16, 1959.

Their Lordships, in a reserved judg-



DIEHL SAVINGS ARE REAL SAVINGS

LET THE FACTS SPEAK FOR THEMSELVES

You save on initial cost because Diehl's range is so comprehensive that you can be sure of exactly the right combination of features for your work at the right price.

You save on time and operator cost because Diehl's exclusive features of automatic short-cutting, automatic memory, automatic back transfer ensure complete accuracy and reduce figure re-handling to the minimum. Hence more work can be done by both operator and machine.

You save on after-sales service because Diehl is renowned for rugged reliability. Diehl's exclusive short-cut action actually reduces wear by 40% and maintenance costs of a Diehl calculator are the lowest for this class of automatic machine.

YOU GET A GOOD DEAL MORE FROM

Diehl

CALCULATING MACHINES

ARCHIMEDES-DIEHL-MACHINE CO. LTD
CHANDOS HOUSE, BUCKINGHAM GATE, LONDON, S.W.1

Telephone ABBey 2014





Reserves are 5% of the total capital. The Society can, with safety, maintain its share dividend at $3\frac{3}{4}\%$ p.a. net (gross equivalent about $6\frac{1}{8}\%$ to anyone subject to Income Tax at 7s. 9d. in the £.)

3 $\frac{3}{4}$ %

9

Well within the safety margin

INCOME TAX PAID BY THE SOCIETY

Member of the Building Societies Association
Assets £7,000,000

Write for informative booklet

THE CITY of LONDON BUILDING SOCIETY

(formerly Fourth City Building Society) (Est. 1862)

34 LONDON WALL, LONDON, E.C.2

Monarch 2525/6/7

PEOPLE WHO READ "ACCOUNTANCY"
KNOW THE VALUE OF A WELL
BOUND ACCOUNT BOOK AND
APPRECIATE A WIDE CHOICE
OF STOCK RULINGS, HENCE
THEY ALWAYS INSIST ON THE

Guildhall SERIES



OVER 300 RULINGS FOR ANALYSIS, WAGE & COMPANY WORK

WRITE FOR YOUR COPY OF THE REVISED BLUE BOOK (No. 31)
CONTAINING UP TO DATE ILLUSTRATIONS SIZES AND PRICES

TOLLIT & HARVEY LTD.

THE "RULING" HOUSE

40 GRESHAM STREET, LONDON, E.C.2

TELEPHONE: MONARCH 8571



ment, unanimously dismissed the Crown's appeal from the judgment of Danckwerts, J., who had held that duty was chargeable upon the death of the annuitant under Section 1, and not under Section 2 (1) (b) of the Finance Act, 1894. (See ACCOUNTANCY for September, 1958, page 471.)

CHANCERY DIVISION (Roxburgh, J.).
Chuwen v. Sabine (H.M.I.T.). February 26, 1959.

The taxpayer, at a meeting of General Commissioners in 1955, appealed against Schedule D, Case I, assessments in respect of his profits as a raincoat manufacturer. He contended that the sums assessed were derived from betting and not from the trade. Certain witnesses gave evidence on behalf of the appellant. The Commissioners decided that the appellant had not proved his contention. However, the appeals again came before the Commissioners in 1956. The Commissioners stated that they had not formally determined the appeals at the previous hearing. They heard further evidence from an accountant and another witness on behalf of the appellant. The Commissioners did not state whether they accepted the evidence of these two witnesses, but confirmed the assessments.

Roxburgh, J., remitted the Case for the Commissioners to state whether it appeared to them that the appellant was overcharged by any assessment, or not.

E.C. (Holdings) Ltd. v. C.I.R. March 6, 1959.

The question for decision was with what duty a deed of discharge dated November 29, 1956, was chargeable. The deed was made between three assurance companies, the British Transport Commission and E.C. Holdings Ltd. (the company) in pursuance of a scheme of arrangement sanctioned by the High Court.

The deed recited that the company had mortgaged and charged its property in favour of the first four parties; that in 1939 a receiver of the assets of the company was appointed and the company had been in the hands of a receiver ever since; and that in pursuance of a scheme of arrangement sanctioned by the Court in 1955 it was provided that: (i) the company should sell its assets free from encumbrances to a new company to be formed for the purpose, (ii) the assurance companies and the Commission should release their charges and mortgages on the company's assets,

(iii) the shares of the new company should be charged in favour of the assurance companies and the Commission.

It was further recited that the company had entered into an agreement with a person on behalf of the company about to be formed, for the sale of the assets of the company free from the mortgages and charges; and that the new company, having been incorporated, had duly adopted the said contract.

The deed provided that the assurance companies and the Commission discharged the property of the company from the respective mortgages and charges to which they were entitled.

The Commissioners of Inland Revenue assessed the deed to *ad valorem* stamp duty under sub-head(s) of the head of charge "Mortgage . . ." etc., in the first Schedule to the Stamp Act, 1891. The sub-head reads: "Reconveyance, Release, Discharge, Surrender, Resurrender, Warrant to Vacate, or Renunciation of any such security as aforesaid, or of the benefit thereof, or of the money thereby secured."

Roxburgh, J., decided that duty was payable as assessed on the total value of the amounts secured by the various charges, etc., notwithstanding that the debts in respect of which they were created had not been paid off. The taxpayer's appeal was dismissed.

Watson (H.M.I.T.) v. Samson. March 13, 1959.

The taxpayers carried on in partnership the trade of farming occupying marshland pastures in Kent. In 1953, 451 acres of their land were flooded with salt water. This seriously damaged the land. In spite of various steps taken by the taxpayers, the land in 1957 was not fully restored to its pre-flood condition and, indeed, it could not be said that it would ever return to its original value.

The Ministry of Agriculture and Fisheries made payments to the taxpayers under Section 13 of the Coastal Flooding Act, 1953, and schemes made thereunder, in respect of dealing with the land in an approved mode. Payments were made in 1953 of £6 per acre in respect of 451 acres of permanent grass wholly or mainly destroyed, and in 1954 of £5 per acre in respect of grass capable of some use in 1954. The taxpayers spent in each year £325 on rehabilitation.

Roxburgh, J., upholding the decision of the General Commissioners, held that

the two sums of £2,706 and £2,256 were in the nature of capital.

Abbott v. Philbin (H.M.I.T.). March 19, 1959.

The taxpayer was employed by E.R. Ltd. which granted to him an option to take up 2,000 of its Ordinary shares at the middle market price on October 6, 1954. The option was exercisable within ten years of the date of grant. He was required to pay £1 per 100 shares for his option. He accepted the option on October 7, 1954. The option was not transferable and was to expire on the death or retirement of the taxpayer.

On March 28, 1956, the taxpayer applied for and was allotted 250 shares. He was assessed to tax under Schedule E on the difference between the market price of the shares on March 28, 1956, and the price paid under the option.

Roxburgh, J., allowing the appeal of the taxpayer from the Special Commissioners, held that the increase in value of the shares was not taxable.

Bentley (H.M.I.T.) v. Evans. March 20, 1959.

The taxpayer was an employee of A. Ltd., which operated a plan under which its employees were entitled to purchase fifteen shares in the company at a price of \$37, which was 15 per cent. below market value of the shares at the material date in October, 1953. On October 7, 1953, the taxpayer elected to purchase these shares by monthly instalments, to be deducted from his pay—to commence in December, 1953, and to continue until June, 1955. The shares were to be issued from time to time when the company had received sufficient funds to pay the purchase price of three shares. Until their issue, the taxpayer had no rights or responsibilities in regard to the shares, and could cancel his election.

The taxpayer received three shares in each of the months March, July and October, 1954, and paid cash for the remaining six in November, 1954.

The taxpayer contended that he became entitled to profits taxable under Schedule E (the 15 per cent. discount) on the date of exercising his option to purchase. The Crown contended that taxable profits arose on the dates of issue of the shares, in each case amounting to the difference between \$37 and the then market prices.

Roxburgh, J., decided in favour of the taxpayer, dismissing the appeal of the Crown from the decision of the Special Commissioners.

The Month in the City

Pre-Budget Markets

A number of factors affecting stock markets last month resulted in some stability of prices over the period, except that the Funds lost ground to a modest extent. In this particular market, the conclusion of the Moscow talks produced a partial recovery, but it was soon lost; and under the effects of the trouble in Rhodesia, and to a less extent in Irak, and of a growing conviction that there would be no reduction in Bank Rate—at least until the Budget or after—prices tended to sag with the medium dated stocks still relatively out of favour. In contrast, the decline in other fixed interest securities was relatively slight, while equities, which had sagged while the Funds were rising, became popular and towards the end of the third week had recovered to a level of 221.5 for the index of the *Financial Times*, while the indicator of *The Economist* made a slightly better showing. The background against which these developments occurred was one of strength of sterling in face of rising short-term rates in New York; some improvement of a seasonal character in the figures of unemployment; continued recovery in business activity in the United States; satisfaction with the Macmillan tour; and an absence of any clear indication of a renewed upward trend in British industrial production at large. Of more immediate effect on prices was a fairly continuous flow of new issues and placings, many of the former as "rights"; continued evidence of sale of securities by the banks to finance ever-growing advances; the virtual certainty that the Budget would be expansionist; and the appearance of a number of company results which were a good deal better than could have been foreseen. As a factor in market prices the possibility of an early General Election seemed to have lost all weight. The net effect of the changes is reflected in the following movements in the indices of the *Financial Times* between February 27 and March 31: Government securities a fall from 86.34 to 85.84 and fixed interest from 93.59 to 93.58; industrial Ordinary shares a rise from 218.7 to 219.4; and gold mines a drop from 88.6 to 88.1.

Active New Issue Market

Early in March it was estimated that, since the raising of new capital was freed, over fifty companies had announced issues involving some £118 million. Actually during March there were over fifty issues, by offer for sale, by placing, or as rights, not all of the latter involving new money, while a number of others were announced but not made. Apart from the sums involved—sometimes very substantial—many of these issues were of interest as showing some departure from established practice. Among those announced but not yet actual is one for £20 million by the *London County Council* and the terms of the offer by *Lloyds Bank*. Unlike the *Midland*, *Lloyds* are seeking some £13 million by an offer of shares at 36s. 6d. against a market price at the time of announcement of 49s. If other banks are to follow this example, rather than the modest demands of the *Midland*, banking capital and reserves may approach once more the proportion of total assets ruling before the war and post-war inflation.

Of issues actually made a few only can be mentioned. The *News of the World* offered 320,000 units consisting of two 5s. Ordinary voting shares and one 5s. non-voting share at 43s. per unit, involving a cash total of some £700,000. Applications amounted to £22 million and, after generous allotments to employees and holders of Preference shares, the public had to submit to a ballot. On the basis of prices of the shares on the first day of dealings the units went to a premium of 7s. 9d. As against this the *Australian Government's* offer of £10 million 5½ per cent. stock at 99 repayable in 1973 and of an equal amount of stock on the same terms but maturing 1976/79 met with a poor response. The offer was for conversion of maturing 3½ per cent. stock—of which it was believed that comparatively little was held by the money market, which would accept repayment—and for cash. In the event the underwriters had to take 47 per cent. of the former and 72 per cent. of the latter.

One other operation calls for comment, the placing of shares in *Lintang Investments*. This is a property company

owning, *inter alia*, Dolphin Square and believed to be an ideal growth stock. The amount of capital to be made available was slight and a queue of record dimensions developed when business opened. Up to double the placing price of 11s. 6d. was bid and many would-be holders were disappointed. Not unnaturally there was some outcry as to the inequity of the placing method, but it is doubtful whether this experience suffices to suggest that it is bad for small issues. What is questionable is whether the Stock Exchange should not insist that a relatively high proportion of the total amount of capital for which a quotation is sought should be made available in the first instance, if the offer is to be made as a placing.

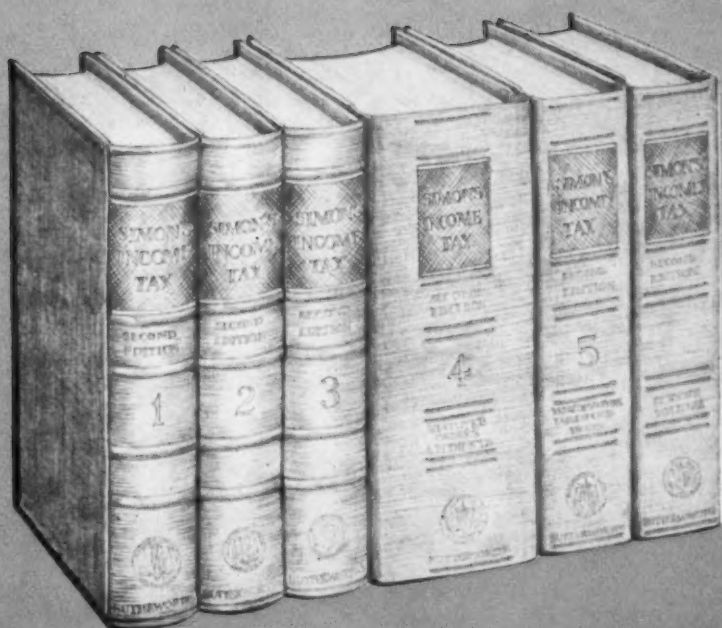
European Unit Trusts

Although only indirectly affecting the London market at present, the growth of unit trusts in Continental Europe in recent months is a matter of importance in the longer run. It appears that since the creation of the Common Market and the increase in convertibility of currency six such trusts have been established—in Germany, Switzerland and Luxembourg—and are credited with having attracted the equivalent of \$60 million. In the first instance equities bought by these trusts appear to have been those of the Common Market countries, but the supply of these is rather sparse and the yields are low. In these circumstances, demand for units from this country is likely to be small even if no exchange difficulties arise, but equally there may well be a good demand for British industrial Ordinary shares if the existing hindrances to such purchases by non-residents can be overcome. To achieve this end, Government action would be necessary, both to remove the exchange risk arising from the ban on conversion into foreign currencies of the proceeds of sales of United Kingdom securities and also to overcome the problems caused by the deduction of income tax at the standard rate from all United Kingdom dividends. One would suppose that the whole question is tied up with the much larger one of securing some co-operation between this country—presumably in conjunction with others in the projected Free Trade Area—and the Common Market. As there is little sign of progress in this field at present, one may, perhaps, assume that the short-term effects of the new movement will be slight.

SIMON'S INCOME T

*This is the work
that even the experts
usually turn to
for reliable, up-to-date
information and guidance!*

TAX



SIMON'S INCOME TAX

SECOND EDITION IN FIVE VOLUMES
KEPT UP TO DATE BY A REGULAR SERVICE

Editor-in-Chief:

THE RT. HON. VISCOUNT SIMON,
G.C.S.I., G.C.V.O., D.C.L., LL.D.

General Editor:

N. E. MUSTOE, Q.C.

Editor for Accountancy Examples:

BRIAN MANNING, F.C.A.

Price £15 15s. net per set, postage and packing 8s. extra
Service £3 3s. a year

*This is the work
that even the experts
usually turn to
for reliable, up-to-date
information and guidance!*

SUCCESSFUL PRACTICE in any professional field depends not only upon the skill and experience of the practitioner but also upon the reserves of up-to-date, authoritative information at his disposal. This is particularly true in the field of income tax, which is subject to perpetual alteration in the light of legislative and other changes.

Most accountants, company secretaries and lawyers rely upon **SIMON'S INCOME TAX** for guidance; they know that these volumes cover every aspect of the subject—including Profits Tax and the Excess Profits Levy—and that they can be used quickly and understood easily. **SIMON** is clear and accurate, avoiding obscure legal jargon and vague generalisations, and it incorporates many helpful accountancy examples illustrating the text in a way which no amount of verbal explanation could excel.

SIMON is a sound investment from every point of view. The fact that all the volumes (including the index) are kept up to date by an efficient yet simple Service means that it can always be trusted implicitly. The Service, which is issued at well-timed regular intervals at least four times a year, takes account of all developments such as judicial decisions, changes in practice and new legislation. Special importance is attached to keeping Subscribers fully informed of Budget changes without delay; the text of each Finance Bill, complete with annotations, is sent to Subscribers within a few days of the official publication date, while the text of the relevant portions of the Finance Act, fully annotated and indexed, is issued in booklet form only two or three weeks after Royal Assent.

Summing up, it is fair to say that **SIMON** represents the best that money can buy for the man who needs reliable information about income tax law, practice and administration. Its reputation is such that the reviewer in *Accountancy* said that "Any office without a copy is unfurnished."



SIMON'S INCOME TAX

" . . . *Simon* aims at providing a practical guide to the application of the law, from both the legal and accountancy points of view, and it can fairly claim to have achieved that object . . .

" Particularly welcome are the illustrations of such difficult matters as double taxation relief . . .

" Nowhere else does the writer know of complete details in one book of such things as foreign exchange rates as used by the Commissioners of Inland Revenue; lists of P.A.Y.E. codes, and of National Insurance Contributions and amounts allowable; income tax allowance for officers' uniforms, and the various concessions announced by the Revenue . . .

" Many practical points not ascertainable except by meeting them in operation appear throughout the book . . .

" Hardly a day passes but the writer makes some reference to *Simon* . . . Any office without a copy is unfurnished."

—Accountancy

" Nothing is glossed over, neglected or shelved. Moreover, it is eminently readable and well illustrated with accountancy examples."

—The Law Times

" . . . It can be thoroughly recommended as a comprehensive reference work on all aspects of direct taxation in this country."

—F.B.I. Review

" These five volumes undoubtedly comprise one of the most valuable and comprehensive of the income tax manuals."

—Taxes

" Undoubtedly it is a book that the Revenue expert will not be without, but it does not follow that it is not for the general practitioner. Indeed, the text does not appear to assume any initial specialised knowledge on the part of the reader. Most valuable in this connection are the numerous arithmetical examples . . . To the non-specialist these illustrate the application of the law in a manner which no length of explanation will excel."

—The Solicitors' Journal

" Altogether an excellent work which we can strongly recommend."—Taxation

" . . . must be the best work on taxation existing today."

—The Director

" . . . no one who undertakes the difficult task of advising on income tax can safely ignore it."

—The Accountant

Order on Cash or Instalment Terms

To: BUTTERWORTH & Co. (Publishers) LTD.,
88 KINGSWAY, LONDON, W.C.2 (Post Orders)
11-12 Bell Yard, Temple Bar, W.C.2 (Personal Callers)

- A. Please supply me/us with SIMON'S INCOME TAX, Second Edition in Five Volumes including Index, price £15 15s. net per set. Postage and packing 8s. extra.
Please also supply the Service Binder and Current Service Sheets to 30th September, 1959, at £3 3s., and register me/us as an annual subscriber thereafter at £3 3s. per annum until countermanded.
- B. Please supply me/us with SIMON'S INCOME TAX, Second Edition in Five Volumes (including Index, Service Binder and Current Service Sheets to 30th September, 1959) at the inclusive price of £21, post free, on instalment terms. (Cash price £18 18s.).

I/we enclose an initial payment of £2 2s. and agree to pay nine quarterly instalments of £2 2s. It is agreed that the work will not be sold or disposed of in any way without the consent of Butterworth and Co. (Publishers) Ltd., 88 Kingsway, London, W.C.2, until the total cost of the work has been paid in full.

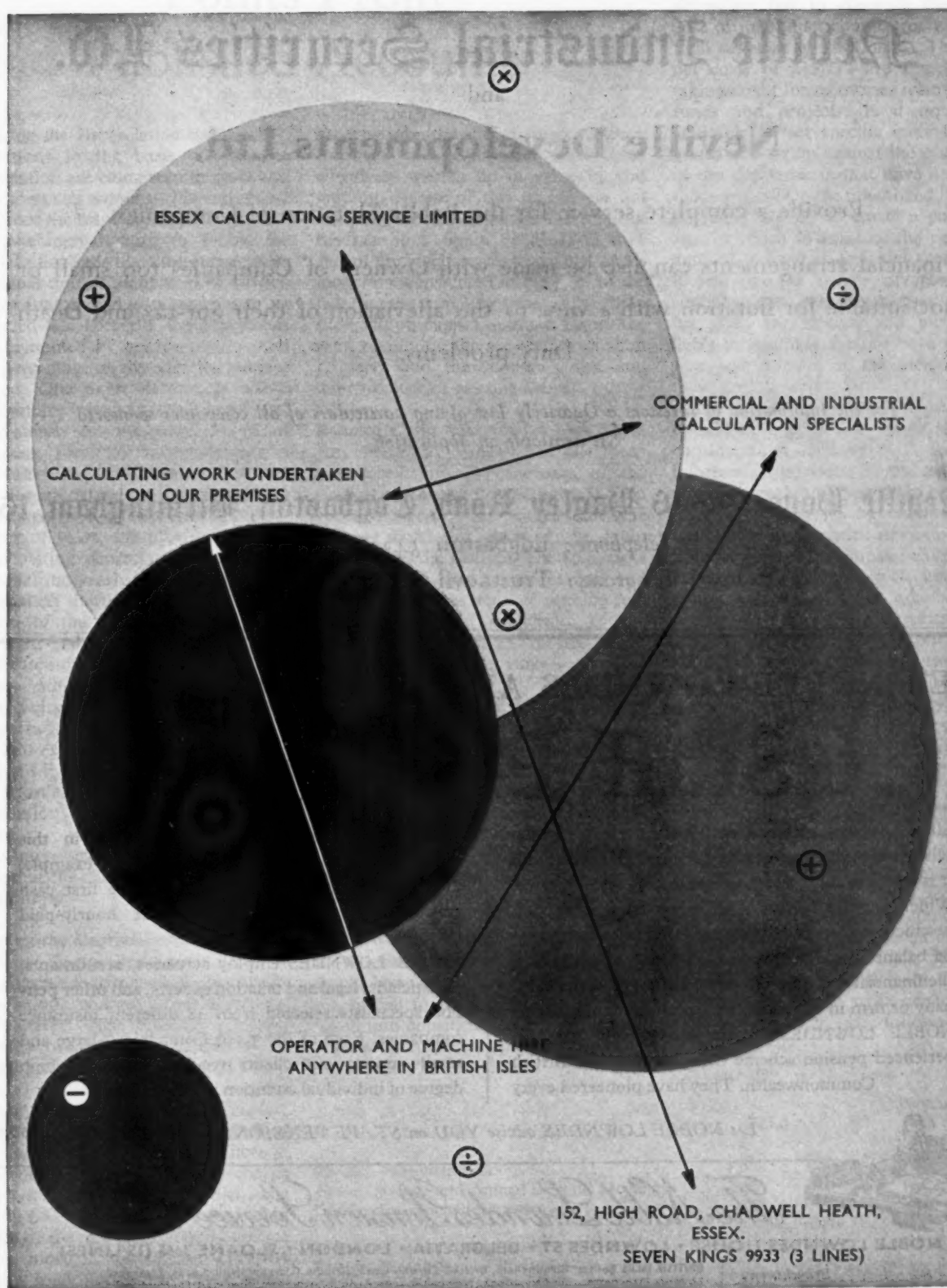
Please register me/us as an annual subscriber to the Service from 1st October, 1959, at £3 3s. per annum until countermanded.

IMPORTANT: Please delete A or B

NAME
(BLOCK LETTERS, PLEASE)

ADDRESS

DATE Signature



Neville Industrial Securities Ltd. and Neville Developments Ltd.

Provide a complete service for the Public Flotation of Companies.

Financial arrangements can also be made with Owners of Companies too small or not suitable for flotation with a view to the alleviation of their Sur-tax and Death Duty problems.

For the information of investors a Quarterly List giving particulars of all companies sponsored is available on application.

Neville House, 42-46 Hagley Road, Edgbaston, Birmingham, 16

Telephone: Edgbaston 5431-2-3-4

Telegrams: Trustnevil Birmingham

LET NOBLE LOWNDES ADVISE YOU ON

Staff Pensions

Since no two businesses are identical every pension scheme must be individually designed and serviced if it is really to fulfil the requirements of the employer. Widely varying degrees of seniority, length of service, productivity, responsibility and remuneration must be balanced and assessed against the background of the financial and administrative structure of the company or firm in question. This is a job for specialists. NOBLE LOWNDES are the largest and most experienced pension scheme consultants in the British Commonwealth. They have pioneered every

major development in pension planning in this country for the past 25 years, including, for example, the first Top Hat scheme, and also the first cash gratuity scheme to be insured for hourly-paid employees.

NOBLE LOWNDES employ actuaries, accountants, statisticians, legal and taxation experts, and other pension specialists selected from 48 different insurance companies. Each of the 3,500 Companies—large and small—among our clients receives the same high degree of individual attention and service.

Let NOBLE LOWNDES advise YOU on STAFF PENSIONS.



The Noble Lowndes Pension Service

NOBLE LOWNDES HOUSE • LOWNDES ST • BELGRAVIA • LONDON • SLOANE 3465 (15 LINES)

*Branches and
Associated Companies
at Home and Overseas*

BRITISH ISLES Belfast, Birmingham, Bristol, Cardiff, Cork, Dublin, Glasgow, Hull, Leeds, Liverpool, London, Manchester, Middlesbrough, Newcastle upon Tyne, Nottingham, Romford, Sheffield and Southampton
OVERSEAS Auckland, Bulawayo, Capetown, Durban, Johannesburg, Melbourne, Nairobi, Salisbury, Sydney and Wellington.
Also represented throughout Canada and the United States of America.

Points From Published Accounts

Changing the Depreciation Basis—(1)

Alterations in the basis of charging depreciation are being seen in more and more company accounts. *Inveresk Paper* has joined the list. Depreciation on plant and machinery is now to follow the "straight line" method: the cost of each individual unit of plant is to be written off by equal annual instalments over its estimated life. Hitherto, the charge has been computed by applying an overall fixed percentage on the reducing balance method. One point in favour of the "straight line" method is that it definitely and simply fixes the accounting life of the assets. The chairman points out in his statement that, because of the exceptionally heavy capital expenditure undertaken over a comparatively short number of years, the previous method of calculating depreciation resulted in an unrealistic yearly distribution of the depreciation burden. With the introduction of the new system, all plant purchased before September 30, 1947, was written off, with the result that the business now has no plant more than eleven years old valued in its balance sheet. The depreciation provided since 1947 still exceeded requirements on the new basis by £713,206 and that sum has been transferred from the accumulated depreciation provision to the capital reserve.

It is interesting—and commendable—to see that the change was suggested by the auditors.

Changing the Depreciation Basis—(2)

Stead and Simpson is another company which has made changes in the basis of its depreciation charge. The directors' report states: "The directors consider that the provision in past balance sheets for depreciation of shop fixtures, furniture and equipment has been excessive and they have adopted a new basis." The extent of the change can be judged from the information, given in a note to the accounts for 1958, that the charge in the accounts for 1957, which was actually £40,910, would have been only £13,500 on the new basis. A consequence of the move is to release £119,404 formerly tied up in the depreciation account and this sum has now been transferred to "a reserve account designated shop fixtures depreciation reserve." In

other words, the shop fixtures, fittings, furniture and equipment have been effectively written up in value by this amount. Assets of this nature are not normally written up in this fashion, but the net book figure of £366,183 now shown for such assets certainly seems moderate, considered in the light of the fact that the company spent no less than £409,540 on capital account during the year, mainly on the acquisition of shop property and the modernisation and improvement of existing shops.

Running Costs Analysed by Time Spent

An interesting innovation has been introduced into the accounts of the *College of General Practitioners*. It is an appendix giving an analysis of the running costs for each of the main activities of the College. The analysis is based on the time taken by staff and relates the various items of running cost to the total net expenditure of the College, as percentages of that total. Thus the presentation runs (in part) as follows:

Some items are shown net: not because of anything to do with tax, but only as a result of setting gross outlay against specific income. Thus, in the above example, postgraduate committees, etc., benefit to the extent of £532 from a faculty postgraduate grant made by an industrial company and this supplementary information is easily referred to on the facing page which shows special funds and projects. In instances of this kind, it would be just as misleading to show merely the gross outgoings as it would be to show just a net figure, for the special funds and projects must be taken into consideration.

How accurate a picture does an

analysis of this sort show? One point that could be argued is whether it is altogether fair to compare the gross cost of individual committees with the total net costs of the College. The total net costs of £15,772 are struck after taking credit for recoveries from special funds and projects: is it not more equitable to set specific income from grants and so on against the outgoings of the departments that have attracted those grants? On the other hand, there is obviously a need to create a yardstick against which to measure the performance of individual activities from year to year, and net income, divorced from special grants, becomes a clear choice, for gross expenditure and income is liable to fluctuate sharply from year to year just because of the incidence of these special funds.

The compilers of the analysis have undoubtedly given due weight to these considerations, for there is sufficient information provided in the published figures to enable the reader to make his own adjustments if he chooses. The result is a most useful adjunct to the presentation of a simple income and expenditure account, which unaccompanied might well mask excessive expenditure in any one department. The analysis underlines very sharply the relationship that always exists between the parts and the whole in an organisation of this kind, and there is no earthly reason why its principles should not be extended to a much wider field. It would be most useful, for instance, where consolidated profits cover the contribution of several subsidiaries, to have these contributions analysed in the manner we have been discussing. The drawback is that it would also be very revealing—a factor, unfortunately, which is likely to set a limit on the adoption by commercial concerns of analyses of this nature. But within the non-commercial field the example set by the College of General Practitioners might with general advantage come to be followed and developed.

	Total cost		Percentage of	
	£	£	Net cost to	College
College Administration	1,078		6.8	
Annual Report and Annual General Meeting ..	2,600		16.5	
College and Council Expenses	2,800		17.7	
		6,478		41.0
Regional Councils and Faculties		3,041		19.4
Committee and Special Projects—				
Undergraduate Education Committee ..	463		2.9	
Postgraduate Committees, etc.	1,395 (Net £863)		8.9 (Net 5.5)	
Postgraduate Diary	460 (Net £233)		2.9 (Net 1.5)	
Research Committee	3,524 (Net £1,276)		22.3 (Net 8.1)	

Publications

Business Mergers and Take-over Bids.
By Ronald W. Moon, B.LITT., A.C.A.
Pp. 210. (Gee & Co.: 25s. net.)

HE WOULD BE a foolish accountant who professes no interest in takeover bids; he may well find one day that his oldest client has disappeared into the arms of an unexpected world-famous combine. The case for and against takeover bids was argued in the Commons in 1954 and last month in the Lords, Lord Dundee, speaking for the Government, made it clear that there is no proposal to take any further legislative powers.

Mr. Ronald W. Moon has much to say on this subject and sets out clearly the arguments on both sides, but what makes his book into an accountancy thriller is his detailed account of some of the more spectacular bids. What could be more exciting to a profession that never hits the headlines than the battle over the Berkeley hotel! It is a pity that an account of the *British Aluminium* campaign must wait for the next edition.

As Mr. Moon points out, economists have for long studied the implications of mergers. The 'twenties and 'thirties saw the growth of the multiple shop; by 1939 there were twelve firms with over 500 branches and of these five had over 1,000 apiece. Other trades also benefit by amalgamation and Mr. Moon considers this in a self-set examination question: "What are the main objects and advantages of business mergers? Give any objections to mergers from the point of view of: (i) the public generally; and (ii) the small retailer."

Addressing himself to those who are considering amalgamation Mr. Moon discusses three methods: (i) the holding company; (ii) complete amalgamation; and (iii) pooling arrangements.

It may be that few accountants are versed in that complicated branch of the law which gives relief from stamp duty on a reconstruction or amalgamation;* not only is it explained in detail but an appendix gives the amended sections of the Finance Act concerned.

As with takeover bids, Mr. Moon describes several actual amalgamations, the most spectacular example being the *Clan Line-Union Castle* merger which was accomplished only at the third revision of the terms.

Finally, there is a helpful chapter entitled "The Capital Structure," one of the most interesting features being the virtual disappearance, for the time being, of the Preference share from the new issue market. Of the three classes "Debt," "Preference capital" and "Ordinary capital" in 1947 24 per cent. of the total was Debt and 30 per cent. Preference capital; in 1957 54 per cent. was Debt and .5 per cent. Preference capital. The profits tax distribution charge can be blamed for much. It encouraged the retention of profits (which is by no means the same as ploughing them back), thereby facilitating the takeover bid and preventing shareholders from contributing to the capital market; and it also caused the debenture and loan to usurp the place of the Preference share in new issues. It is significant that in Germany there is a tax on *un-distributed* profits!

One cannot speak too highly of Mr. Moon's book and every accountant will enjoy reading it. Would it be too much to ask for an index in the next edition?

T.B.

The Changing Pattern of Distribution.
By N. A. H. Stacey and Aubrey Wilson.
Pp. x+380. (Business Publications Ltd.: 45s. net.)

THERE ARE SO few books on distribution in this country that Messrs. Stacey and Wilson could put pen to paper in the assurance that their work would receive a welcome. Certainly the book fills a gap in the literature by surveying the distributors' network in this country today; both the knowledgeable and the uninitiated will find the descriptive survey of service. But *The Changing Pattern of Distribution* also presents a positive thesis. The thesis is that the channels of distribution of goods and services are undergoing big changes and that the changes will become even bigger. The decay of the wholesaler as we have known him, under attacks from retailers and producers; the emergence of voluntary groupings both of wholesalers and of retailers; the incursions made by the producer at the retail end of the chain; the transformations that are being forced on the departmental stores, mainly by the multiples; the growth of super-markets; these and many other facets on the "commercial revolution" are elabor-

ated with a wealth of contemporary illustration, American and European as well as English.

On occasion one comes across a too positive statement, to support which the authors could hardly hope to produce evidence. Thus, "in fact independent retailers existing at all in main shopping centres almost invariably do so by virtue of old leases or old freeholds"; more rigorous writers would not have committed themselves to "almost invariably." And there are some rather tantalising omissions. Thus there is little use of the very full results of the census of distribution, although statistics are very liberally sprinkled throughout the book. Again, the authors do not go into the future of the large central markets for perishables like fruit and vegetables, fish and meat.

Nevertheless, here is a forward-looking study which, while collating much factual material in ordered form, brings out the main facts, challenges and opportunities confronting the various sides of the distributive industries.

L.H.

The Industrial Efficiency of Rural Labour. By C. D. Harbury, assisted by A. D. Smith. Pp. ix+228. (University of Wales Press, Cardiff: 35s. net.)

THE AUTHOR MAKES an elaborate statistical comparison between town and country of "unit time requirements" (the times required by workers to produce units of products) in twenty-seven different processes. Twenty-five factories, employing 400 operatives, provided the figures.

While admiring Mr. Harbury's diligence and handling of the statistics, one cannot dismiss the thought that what must inevitably be an arbitrary assessment of important disturbing factors—such as the varying efficiencies of the machines in the factories being compared—cannot fail to shroud his results in some uncertainty.

It is unfortunately clear from the conclusions that an employer considering the setting up of a factory in a rural area must rely entirely upon his own *ad hoc* financial estimates and can obtain no help from the statistical comparisons in the book.

It does not appear unfair to summarise Mr. Harbury's conclusions as twofold—that the labour advantages of a rural factory lie mainly in the greater likelihood of good relations with the workers and in a slower rate of turnover of women operatives. It might be said that the results of the statistics, if not

* See the case of *Holmleigh (Holdings) Ltd. v. C.I.R.*, *The Metropolitan Boot Company v. C.I.R.*, *The Hale (Holdings) Ltd. v. C.I.R.*, reported in *Accountancy* for January, 1959, page 33.

*accounting
for better
business...*

A RANGE OF
LOW PRICED
ACCOUNTING MACHINES

From £205

- ★ SALES LEDGER
- ★ PURCHASE LEDGER
- ★ CYCLE BILLING
- ★ HIRE PURCHASE
- ★ STOCK CONTROL
- ★ COST ACCOUNTING
- ★ P.A.Y.E. ★ etc., etc.



Addo-X
Model 6347/70

ADDO-X

*Send NOW for
full details of the
complete range*

The 6,000 and 7,000 class accounting machines, represent a very great advance in low priced mechanised accounting. The selection bar takes four completely separate applications. This can be changed with one hand in a matter of seconds.

Available with front and rear feed, also with the new "auto-feed". 'Styled for tomorrow', these machines are simple to operate, quiet and extremely fast.

A fully trained staff of consultants is available to discuss and advise on your Accounting Systems.

BULMERS

BUSINESS MACHINES

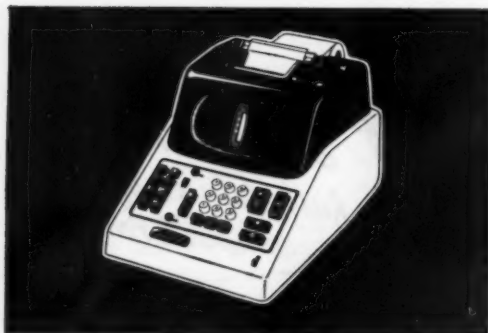
The BULMER Range . . . ADDO full keyboard, ADDO-X simplified keyboard adding-listing machines, ADDO-X accounting machines, FRIDEN and MULTO calculators. BULMER 50 rotary duplicator, BULMER-DEX card records, BANKDEX strip index and C.V.S. suspended filing.

BULMERS (CALCULATORS) LTD · EMPIRE HOUSE · ST. MARTINS-LE-GRAND · LONDON · E.C.1 · MONARCH 7994

2 **olivetti**

**printing calculators combining
new high speed with
new increased range and
new operational simplicity**

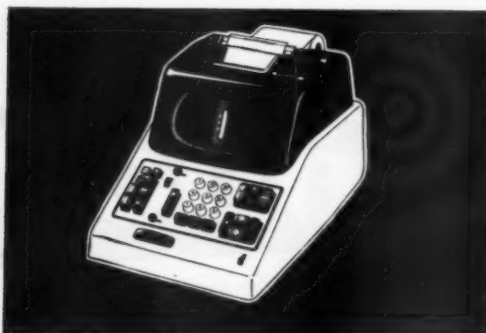
Olivetti designers have a reputation for bringing a fresh approach to problems of office mechanisation, and for providing solutions which prove that old limitations need no longer apply. Here are two such machines in the field of printing calculators – Olivetti *Divisumma 24* and Olivetti *Tetractys*. Operating over an enlarged range of calculations, these two machines bring a new speed of operation and a simplicity of control that has never been available before. Why not ask to see them put through their paces?



Divisumma 24

A super-automatic printing calculator fitted with one register and a memory device. Operating at high speed, it carries out the four arithmetical operations and gives automatic credit balances. The range of its applications makes the Divisumma 24 a *universal* calculator.

British Olivetti Ltd
30 Berkeley Square · London W1



Tetractys

For solving the most complicated calculating problems there is no better machine than the Tetractys. It performs the four arithmetical operations, and prints both intermediate stages and answers on a tally roll. The Tetractys is fitted with two registers and a memory device.

SALES OFFICES
London: 32 Worship Street, EC1
Birmingham: 14 Waterloo Street, Birmingham 2
Glasgow: 115/207 Summerlee Street, E.3



quite negative, are nearly so—since no other conclusions, of any reliability, were derived, and the twofold conclusions mentioned seem readily obtainable from ordinary observation. But research work that produces only negative results is not necessarily wasted—to know by experiment, for example, that if two given substances are heated together nothing at all will happen, is a piece of information useful in the avoidance of explosions. Mr. Harbury has at least demonstrated that more positive results are not obtainable from the material with which he was working and within the limitations of his statistical computations in physical terms.

L.T.L.

The Directory of Opportunities for Qualified Men, 1959. Pp. 116. **The Directory of Opportunities for Graduates, 1959.** Pp. 224. **The Directory of Opportunities for School Leavers, 1959.** Pp. 188. (Cornmarket Press Ltd.: each 8s. 6d. net.)

EACH OF THESE guides has as its main feature detailed entries by a hundred or more of the largest employing concerns, setting out the opportunities of employment which it offers. The information is also summarised with cross references by industry and geographical situation. Newly-qualified accountants undecided on their future would find half-an-hour browsing through the first of the books well spent—even if no letter of application to any particular company resulted, the comparison of careers would have been helpful. Accountancy figures prominently enough among the careers presented for school-leavers in the last book.

F.L.

The Elements of Commercial Law. By Henry W. Disney, B.A.(Oxon). Fifth Edition, revised by E. Dennis Smith, LL.M. Pp. viii+232. (Macdonald & Evans Ltd.: 11s. 6d. net.)

THIS NEAT LITTLE book covers clearly and concisely the usual topics of commercial law. It is intended not for law students but for business men and commercial students in schools and colleges. Consequently it has no need to cite authorities for every proposition or to use many footnotes. It is readable and will doubtless be found useful by many. It can be recommended.

Naturally the chapters on the law of contract, sale of goods, carriage of goods, and negotiable instruments form the major part of the work.

The introduction might usefully be expanded to give a more intelligible account both of the development of the sources of mercantile law and of their inter-relation. Mention should also be made of delegated legislation.

On some of the propositions advanced there is room for differences of opinion or approach. For example, in the list of elements of a contract on page 3, the sixth (the intention that the agreement should result in legal relations) might appear to be implicit in the second (the evidence of such intention). On page 44 lapse of time is treated as a mode of termination of contract: it might be regarded rather as discharge of the right of remedy arising from breach. Since the Limitation Act, 1939, it is perhaps no longer necessary that to be effective the acknowledgment of a statute-barred debt should contain an express or implied promise to pay—see page 46.

Three small inaccuracies are noticed: on page 3 in the fourth sentence "effect" should read "affect"; on page 28 in the second sentence the title of the statute should read "Restrictive Trade Practices Act, 1956;" and on page 145 in the footnote "p. xi" should read "p. 41."

The index is adequate, though some terms used in the text are not included. As some cases are cited, a list of abbreviations should be given.

F.E.S.

By Road to Moscow and Yalta. By Robert Bell. Pp. 295. (Alvin Redman, London: 15s. net.)

MR. BELL is a discerning and observant traveller, who makes very good use of his notebook. This narrative from his notes is a racy one, moving at something like the speed of his "Vanguard"—a well-chosen car, for Mr. Bell is indeed leading the way for others. Even ordinary information becomes elusive and shadowy that side of the curtain, but Mr. Bell sets it all down; he seems to have overlooked no detail that the touring motorist will need to know. The account of what Mr. Bell observed on his journey, laced with some observations, makes fascinating reading for the armchair traveller, as well as an up-to-the minute guide for the more intrepid who wish to "do" Russia by car in two or three weeks on a limited budget.

Last year Mr. Bell, who is on the staff of the Association of Certified and Corporate Accountants, gave us *By Road to Turkey*. For what exotic destination is he now mustering his visas, overhauling his car and getting his notebook at the ready?

L.T.L.

Books Received

A Guide to the Preparation of Accounts of Trustees and Liquidators. By Walter Goldberg, C.A. (S.A.). Second edition. Pp. 92. (Sweet & Maxwell Ltd.: £1 11s. 6d. net.)

Capital Finance and Investments of Local Authorities. By B. A. Williams. Pp. xvi+321. (Shaw & Sons Ltd., Fetter Lane, London, E.C.4: £1 17s. 6d. net.)

A Simple Guide to Negotiable Instruments and the Bills of Exchange Acts. By D. Richardson. Pp. ix+184. (Butterworth & Co. (Publishers) Ltd.: 17s. 6d. net.)

The 1958 Income Tax Legislation in the Federation of Rhodesia and Nyasaland. By A. S. Silke, M.COM., C.A. (S.A.). Pp. 25. (Juta & Co., Limited, Cape Town: price not given.)

Bibliography of Rural Land Economy and Landownership 1900-1957. By D. R. Denman, J. F. Q. Switzer and O. H. M. Sawyer. Pp. 412. (Department of Estate Management, Cambridge University: 35s. net.)

Outlines of Industrial Law. By W. Mansfield Cooper and John C. Wood. 3rd edition. Pp. lxvi+413+[21]. (Butterworth & Co. Ltd.: 35s. net.)

(The 2nd edition was reviewed in ACCOUNTANCY for April, 1955.)

Report on Farming, 1957/58. By P. E. Graves and D. B. Wallace. Pp. 39. (Farm Economics Branch, School of Agriculture, University of Cambridge: 3s. 6d. post free.)

Economics of Producing Sugar Beet, 1957. By J. S. Nix. Pp. 24. (Farm Economics Branch, School of Agriculture, University of Cambridge: 2s. post free.)

A Record of Agricultural Policy, 1956-58. By Edith H. Whetham and Jean I. Currie. Occasional Papers No. 5. Pp. 44. (Farm Economics Branch, School of Agriculture, University of Cambridge: 4s. post free.)

Tax Avoidance and Tax Reduction. By A. S. Silke. Pp. xxiii+593. (Juta & Co. Ltd., Cape Town: Sweet & Maxwell Ltd., London: £7 1s. net.)

The "British Tax Review" Guides. No. 1. Supplementary matter to Overseas Trade Corporations. By David R. Stanford. Pp. 14. (Sweet & Maxwell Ltd.: 2s. 6d. net.)

Comptabilité Commerciale. Par P. Garnier. Pp. xxiii+426. (Dunod, Service Secrétariat, 92 Rue Bonaparte, Paris 6^e.)

Return of Fire Service Statistics 1957/8. Pp. 15. (Institute of Municipal Treasurers and Accountants: 3s. 6d. net.)

Return of Police Force Statistics 1957/8. Pp. 15. (Institute of Municipal Treasurers and Accountants: 3s. 6d. net.)

Letters to the Editor

Voluntary Social Service

Sir,—Some people think that today voluntary social service is no longer necessary when the state and local authorities have taken over so much that in an earlier day fell to voluntary service. This is far from the truth and especially in urban areas there is still a great deal of work depending on the goodwill of the private citizen.

I have recently been approached by those concerned with work in the East End of London where there is a great need. Although no exact estimate is possible it is their view that probably some 500 men and women are giving voluntary service in various ways, but there is need for many more. It seems today that there is work for another 250 or 300.

The fields of work are various and include clubs for boys and girls, Scouts and Guides, handicapped children, School Care Committees, clubs for the aged and visiting the housebound, taking round meals, help with the blind, sick and mentally handicapped, hospital services.

People ready to give even a few hours a week to help in this vital work are wanted, not specialists but men and women of goodwill. Men probably can spare time only in the evening, but other members of their families may have time by day. There is work of all sorts to be done, from personal contact with the needy to sorting out clothing and typing letters.

Stepney is a neighbour alongside the City of London and it is a fact that the City today as in the past owes some of its efficiency and wealth to the services of its easterly neighbours. Today virtually all working in the City speed away to distant homes, but I believe there must be among all these thousands a few who would delay their home-going say once a week to help our neighbours in need. I know that there are those who are doing it, and finding deep satisfaction in their gift of service. Therefore I do not hesitate to ask others who are moved to help to communicate with the Warden of Toynbee Hall, Commercial Street, E.1, where offers will be gratefully received and passed to the various branches of service in need.

I trust that all heads of firms will bring this appeal for help to the notice of those in their employ so that it may be known as widely as possible.

Yours faithfully,

The Mansion House,
London, E.C.4.

S. H. GILLET,
Lord Mayor.

University Graduates

Sir,—There has been a marked increase in the number of enquiries received at the Institute from undergraduates who wish to enter into articles after obtaining their

degrees. Nearly all expect to graduate in 1959. The majority of these enquiries relate to the London area but some have asked for introductions to practising members in the provinces.

Any member of the Institute who has a vacancy for a graduate is invited to write to me in order that an introduction may be given.

Yours faithfully,

ALAN S. MACIVER,
Secretary, Institute of Chartered
Accountants in England
and Wales.
London, E.C.2.

Misappropriation of Trust Moneys

Sir,—Recent publicity in national newspapers has drawn public attention to the fact, long known to most accountants, that it is possible for large sums of trust moneys to be misappropriated and for the fact not to be discovered until years later.

It is deplorable that under the present law, trustees need produce audited accounts only at their discretion and then not more than once in every three years.

Beneficiaries' only recourse is under Section 13 of the Public Trustee Act, 1906, to appeal to the Public Trustee for an investigation and audit of the accounts. This obviously is of use only after their suspicions have been aroused. Investigation may show irregularities going back over a period of years, but be too late to enable misappropriated or misapplied assets to be recovered, or reinvested more profitably, or reinvested in accordance with the terms of the trust.

There is clearly a need for legislation to safeguard the interests of beneficiaries and the desires of settlors and testators, as well as the property of principals in certain types of agency.

In the case of trusts under a will or settlement, the legislation should provide that:

1. Where the net trust assets total more than £1,000 the trustees must present audited accounts to beneficiaries yearly.
2. The auditors' report must state specifically (i) whether or not they have vouched the assets; (ii) whether or not the trust has been administered in accordance with the will or trust deed.

The same provisions should apply to moneys and other assets given to any person to invest, sell, or otherwise use for the benefit of the principal, where the assets have been in the hands of the agent or trustee for more than a year and while they remain in any way under his direction or control.

The auditors qualified to act should be the same as under the Companies Act, 1948.

Yours faithfully,

P. B. TROLLOPE, A.C.A.
Barry, Glam.

Schedule A

Sir,—Does not "relative capacity to pay tax" (ACCOUNTANCY, March, page 127) apply chiefly to the rent-payer who has his £3,000 capital invested "outside" and the net revenue therefrom offsetting the greater part of his rent liability? The owner-occupier is losing some net £100 per annum on his "judicious" savings when young, to own his house in middle and old age. What has the rent-payer done with his £3,000, if not injudiciously squandered?

There is no *raison d'être* for the imposition of Schedule A property tax or for the staff who live on the cost of collecting it.

Yours faithfully,

P. B. B. PRENTON.
(Pseudonym of a member of the Institute)
Birkenhead.

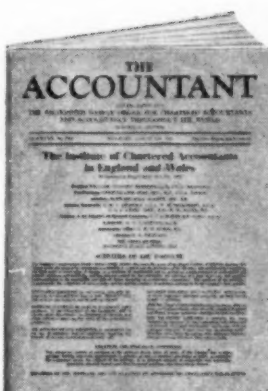
Notices

The monthly meeting for Bible reading and prayer of the Accountants' Christian Fellowship will be held at 12.30 p.m. on May 4, in the vestry of St. Mary Woolnoth Church, King William Street, London, E.C.4. The scripture for reading and thought will be Philippians, Chapter 1, verses 9 to 11 (Paul's prayer for the Christians in Philippi).

The Figaro portable adding and subtracting machine is precision-built but mechanically simple, incorporating an entirely new method of tumbler keys. It is lever operated, and the figures are easy to read, with colour coding for pounds, shillings and pence. The retail price is £25, or £28 with carrying case, measuring 8½ in. × 8½ in. × 4 in. The total weight is under 7½ lbs. The machine is distributed by Inter-Continental Office Equipment Ltd., Vivian Road, Birmingham, 17.

The British Commercial Computer Bulletin, published this month, gives a comprehensive survey of computers available on the market, presenting information of a type suitable for use by management and omitting some of the finer technical details. The price is £3 3s., including one year's service of updating at three-monthly intervals. It is published by Computer Consultants Ltd., 43 Halstead Gardens, Winchmore Hill, London, N.21.

Daniel Greenaway & Sons Ltd., the City of London printers, now offer a comprehensive advisory service on printing in the context of public relations. The new service is directed by Mr. Ian MacPhail, the public relations expert. For example, the whole range of printed work of a company may be covered, so that its style of printing becomes recognisably its own. Or the service will advise on the form and production of company reports and accounts, or on other particular jobs, seeing them through from start to finish.



You can rely on . . .

THE
ACCOUNTANT
. . . the accountancy world's
weekly newspaper

Editorial and
Advertisement
Offices:

**4 DRAPERS'
GARDENS
LONDON, EC2**

NATIONAL
0701-2 and 0087

The classified advertisement columns of 'THE ACCOUNTANT' are a recognized medium, not only for Situations Vacant and Wanted, but for the buying and selling of practices and commercial businesses, and for the disposal of office equipment or premises. An average of well over 200 advertisements appear every week.

Price 1s 9d per copy
£4 18s 0d (including
postage) per year;
£2 10s 0d half-year

There are concessional
rates for articled clerks
and there is an AIRMAIL
EDITION for overseas
readers: details from
the publishers.

- ★ FOR INFORMATIVE ARTICLES
- ★ FOR UP-TO-DATE INFORMATION
- ★ FOR NEWS OF THE PROFESSION
- ★ FOR AN INCOMPARABLE CLASSIFIED ADVERTISEMENT SERVICE

PUBLISHED EVERY FRIDAY

Subscription and
Publishing Offices:

**GEE & CO
(Publishers) LTD**
27-28
BASINGHALL
STREET
LONDON, EC2

MONarch 5347-8

A Sound and Profitable Investment for the Costing Student . . .

Budgetary Control, Standard Costing and Factory Administration

By S. R. CAVE, A.C.A., A.C.W.A.

This volume sets out fully the latest methods of producing information from a system of Budgetary Control and Standard Costing, for the benefit of management at all levels.

The same figures have been used in all specimen forms to enable the reader to follow easily the various stages from budget preparation to Profit and Loss Account and Product Costs.

The chapters on Factory Administration are added to explain briefly the duties of many junior factory executives, particularly those who are responsible for supplying basic costing information. Students of Costing should find these chapters useful in assessing the relative importance to the factory of the various executive departments.

' . . . to the serious student and the factory executive, a wealth of informative thought and instruction is available.'—
The Accountants Journal.

PRICE **25/-** NET

Post free U.K. 25/9

—Order Form—

GEE & COMPANY (PUBLISHERS) LIMITED
27-28 Basinghall St, London, EC2 MONarch 5347-8

Please send _____ copy(ies) of BUDGETARY CONTROL, STANDARD COSTING AND FACTORY ADMINISTRATION, at 25/- net, 25/9 postfree U.K.

Name _____
(Block letters please)
Address _____
(Block letters please)

Remittance £ : : is enclosed. Date _____
Accy. 4/59

Don't waste time on **PAYE**

PRIMUS EASY-TO READ TAX TABLES

- *are far quicker and easier to use than official tables*
- *cut eyestrain, mental strain and headaches*
- *reduce errors*
- *save time*

Primus Tax Tables can be used for weekly or monthly payrolls. During holiday time the weekly tables can easily be made to cover two and three-week periods. The monthly tables provide for more than £2,000 of taxable pay

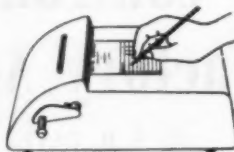
Primus Tables are complete, foolproof and *very* fast. They will save time and reduce errors on *your* payroll. Please write for full details.



PRIMUS CONTINUOUS STATIONERY

By switching to Primus Continuous Stationery you can save one hour in every three of your typists' time spent on invoicing, works orders, goods received orders, purchase orders and similar repetitive typing.

Please contact us for full details.



PRIMUS REGISTERS

Give up to six good copies at one writing, with one of them automatically locked away in a tamper-proof compartment. They use Primus Continuous Stationery, are available in three sizes, and can be fitted with cash registers. Portable model also available. Please write for leaflet.

PRIMUS

saves time and money

PRODUCTS OF

CARTER-DAVIS LTD.

QUEEN ELIZABETH STREET, LONDON, S.E.1

TELEPHONE: HOP 5344 (5 lines)

BRANCHES: BELFAST • BIRMINGHAM • BRISTOL • DUBLIN • EDINBURGH • GLASGOW • LEEDS • LEICESTER • LIVERPOOL • MANCHESTER • NEWCASTLE



Legal Notes

Executorship Law and Trusts— Knowledge and Approval of Will

The well-known dispute between the colonel and the solicitor over the validity of a will and codicil has now been reported as *Wintle v. Nye* [1959] 1 W.L.R. 284. Mr. Nye as solicitor for the testatrix had prepared a will and codicil under which he was named as executor and residuary legatee, and a jury under the direction of Barnard, J., found that the testatrix had knowledge and approval of the documents when she signed them.

After the Court of Appeal by a majority had refused to disturb the verdict of the jury, the case went to the House of Lords. Their Lordships said that it was not the law that in no circumstances could a solicitor or other person who had prepared a will for a testator take a benefit under it; but that fact created a suspicion which must be removed by the person propounding the will. In all cases the court must be vigilant and jealous. The degree of suspicion would vary with the circumstances of the case; it might be slight and easily dispelled or it might on the other hand be so grave that it could hardly be removed. In the present case the trial Judge had stated the law accurately and clearly, but their Lordships agreed with the dissenting judgment of Sellers, L.J., in the Court of Appeal that the summing-up of the evidence was inadequate. Whether the summing-up was regarded as a whole or analysed in detail, it provided, and encouraged in the minds of the jury, a benevolent and sympathetic consideration of the solicitor's evidence and in no way led the jury to a critical or hostile approach. In effect the summing up of the evidence substantially negated the law which the Judge had enunciated. On this ground their Lordships allowed the appeal.

Miscellaneous—

Whether an Arbitration Award may be an Unreasonable Restraint of Trade
Birtley & District Co-operative Society Ltd. v. Windy Nook & District Industrial Co-operative Society (No. 2) [1959] 2 W.L.R. 415 is the second

reported decision arising from a dispute between two co-operative trading societies over the boundaries of their trading areas. Both were members of the Co-operative Union Ltd., one of whose rules provided as follows: "Any disagreement that may arise as to overlapping or any other matter which cannot be settled in consultation between the parties shall, in failure of conciliation, be submitted to persons appointed by the Co-operative Union Ltd. as arbitrators and their decision shall be final and binding on all parties."

The B. Society submitted the dispute to arbitration in accordance with this rule, and the arbitrators in their award defined the areas within which each society might trade. However, before the award was made the W.N. Society had withdrawn from the Union, and it refused to be bound by the award. The B. Society then brought an action claiming a declaration that the award was binding.

The W.N. Society took several points in defence (none of which succeeded), but the only one that calls for report here was an argument that the contract between the parties contained in the rules of the Union was an unreasonable restraint of trade, contrary to public policy and illegal to the extent that it imposed on the W.N. Society restrictions after it had ceased to be a member of the union.

Streatfeild, J., said that the rules, which merely enabled a dispute to be settled in a particular way, could not constitute a restraint of trade. It was not until the award was made that anyone could be restrained: there was nothing on the face of the award to indicate that it was an unreasonable restraint of trade, against the interests of the parties or the public, and the Court was not entitled to look behind the award and become in effect an appellate tribunal from the arbitrators. He further said that on the facts it did not seem to be unreasonable in the interests of economical co-operative trading and in the interests of the public to prevent the extension of the business of the W.N. Society to an area adjacent to its present trading area; this was not a case of a mere barrier against competition for its own sake but a means of confining co-operative trading in a particular area to one society, so that greater benefit might result to the buying public.

Miscellaneous—

Arbitration Procedure

It has long been recognised as the law

that, when an action is brought to enforce the award of an arbitrator, misconduct of the arbitrator cannot be pleaded as a defence. In *Birtley District Co-operative Society Ltd. v. Windy Nook & District Industrial Co-operative Society* [1959] 1 W.L.R. 142, Streatfeild, J., further held that misconduct of the arbitrator cannot be pleaded by way of counterclaim. The proper procedure for setting aside an award on the grounds of misconduct was by way of motion to the High Court, and on the facts of the case before him his Lordship held that there were no grounds for allowing notice of motion to be given outside the ordinary time limit, which had already expired.

Miscellaneous—

Principle of *Res Judicata* in Rating Cases

In 1951, in proceedings between the Society of Medical Officers of Health and the valuation officer, a local valuation court held that offices occupied by the Society in Tavistock Square were exempt from payment of rates under Section 1 of the Scientific Societies Act, 1843, and that accordingly the premises should be deleted from the valuation list then current. In 1956 a new valuation list came into force. The Society's offices were entered in this list. As a result of steps taken by the Society and by the valuation officer the matter came before the local valuation court. The court held that the status of the Society for rating purposes had been decided in 1951 and that in the absence of any evidence of any changes in the Society's activities since that date the valuation officer could not reopen the matter, the principle being that "where a question has been decided by a court of competent jurisdiction in a suit between parties, those parties are estopped from reopening this decision in any subsequent litigation between the same parties as to the same question."

As a result of an appeal by the valuation officer the matter eventually came before the Court of Appeal in *Society of Medical Officers of Health v. Hope* [1959] 2 W.L.R. 377. Their Lordships by a majority held that the principle of *res judicata* did not apply: in 1951 the local valuation court had no jurisdiction save to deal with the valuation list then current, and its decision on any incidental issue of fact or law, even though necessary in order to decide on the valuation list which was before it, could not be conclusive in reference to any future entries to be made on any future valuation list.

An Accountant's Guide to Recent Law

ACTS OF PARLIAMENT

European Monetary Agreement Act, 1959. Makes financial provision in connection with operation of the Agreement.
Agriculture (Small Farmers) Act, 1959. Provides for making of grants for purpose of increasing the efficiency of small farm businesses.

STATUTORY INSTRUMENTS

No. 278. Patent Appeal Tribunal Rules. Appeals may be heard in public or decisions given in public.
No. 300. Birmingham Municipal Bank (Amendment) Order. Rate of interest allowed to corporation increased.
No. 294. Death Duties (Relief against Double Duty) (Ghana) Order.
No. 295. Death Duties (Northern Ireland) (Relief against Double Duty) (Ghana) Order. Nos. 294 and 295 apply Section 20 of Finance Act, 1894. See page 213.
No. 292. Family Allowances, National Insurance & Industrial Injuries (European Interim Agreement) Order.
No. 293. National Insurance (European Interim Agreement) Order.
Nos. 292 and 293 give effect to certain provisions of the agreement on social security with regard to reciprocity.
No. 359. Agricultural Land Tribunals (Amendment) Order. Substitutes new forms for applications under Section 4 of Agriculture Act, 1958.
No. 374. Exchange Control (Payments) Order. Simplifies arrangements for transfers between accounts of persons resident outside the scheduled territories and the arrangements for payments for U.K. exports.
No. 375. Exchange Control (Specified Currency) Order. Gives currencies which must be offered for sale to an authorised dealer.
No. 373. National Insurance (Contributions) Amendment Provisional Regulations. Specify when a holiday payment prevents a day from being a day of unemployment.

DECISIONS OF THE COURTS

Arbitration

Arbitrator making award of costs contrary to usual order that costs follow the event is not required to give reasons for so doing.
Perry v. Stopher (T.N. March 10).

Building

Meaning of "collapse" and "adequate shoring or otherwise" in the Building (Safety, Health and Welfare) Regulations, 1948.
Mortimer v. Samuel B. Allison Ltd. (1 W.L.R. 330; 1 All E.R. 567).

By-law

Appeal allowed from decision of Vaisey, J., on resolution adopting new by-laws.
Knowles v. Zoological Society of London. (T.N. March 21). See January issue, page 38.

Conflict of Laws

Since husband put shares in wife's name to avoid payment of tax, a Court of Equity would not help him to rebut the presumption of advancement.

In re Emery's Investment Trusts (2 W.L.R. 461; 1 All E.R. 577).

Contract

Foreign creditor not deprived of remedy in an

English court merely because Treasury consent to payment of debt by English debtor not obtained as required by Exchange Control Act, 1947.

Barbey v. Contract & Trading Co. (Southern) Ltd. (T.N. March 13).

Estate Duty

South African land held not exempt from duty under Section 28 (2) of Finance Act, 1949, in a case where proper law of the will was English.
Philipson-Stow v. Inland Revenue Commissioners (2 W.L.R. 427; 1 All E.R. 583). See March issue, page 161.

Husband and Wife

Presumption of advancement.
In re Emery's Investment Trusts, supra.

Landlord and Tenant

When once rent of premises has been registered it remains the rent until entry changed by subsequent determination or until period for which entry made has expired.

De Jean v. Fletcher (1 W.L.R. 341; 1 All E.R. 602).

Undertaking given by responsible body and accepted by Court was decisive of fixity of landlords' intention to occupy premises.

Espresso Coffee Machine Co. Ltd. v. Guardian Assurance Co. Ltd. (1 W.L.R. 250; 1 All E.R. 458).

There is no power of amending notices given under Landlord and Tenant Act, 1954.

Nurse v. P. Currie (Dartford) Ltd. (1 W.L.R. 273; 1 All E.R. 497).

Application under Section 24 of Act of 1954 by tenant for new lease granted subject to guard against inflation.

In re No. 88 High Road, Kilburn (1 W.L.R. 279; 1 All E.R. 527).

Practice and Procedure

Alterations made in Standing Orders of House of Lords and in its Directions as to procedure with regard to time limit for appeals, reproduction of documents, poor persons limit of means and party and party costs.

Practice Direction (Appeals to House of Lords) (1 W.L.R. 249).

In summons under Administration of Justice (Miscellaneous Provisions) Act, 1933, Section 3, where large number of points of law taken, it is desirable that there should be agreed statement of points of law when matter before the master.

Philipson-Stow v. Inland Revenue Commissioners, supra.

Restrictive Practices

Voluntary abandonment of price maintenance scheme and all the restrictions in the registered agreement.

In re Cotton Yarn Doublers Association Agreement (T.N. March 21).

Minimum quality restriction held valid. Minimum price scheme held invalid.

In re Blanket Manufacturers' Association Agreement (T.N. March 24). See a Professional Note in this issue.

Stamp Duty

Duty properly computed because agreement fell within head "bond, covenant or instrument" in Schedule 1 to Stamp Act, 1891, notwithstanding that payments were in consideration of services to be rendered.

Independent Television Authority v. Inland Revenue Commissioners (1 W.L.R. 259; 1 All E.R. 464). See March issue, page 161.

Statute Construction

Ejusdem generis rule.
Mortimer v. Samuel B. Allison Ltd., supra.

Town and Country Planning

Where local planning authority served enforcement notices under Section 23 (1) of Act of 1947 on ground that development carried out without permission, and aggrieved person appeals to court of summary jurisdiction, the justices have jurisdiction under Section 23 (4) to determine whether in fact development has taken place.

Eastbourne Corporation v. Forte's Ice Cream Parlour (1955) Ltd. (T.N. March 24).

Increase from eight to 27 caravans on site of 1½ acres held not a material change of user and therefore not to constitute "development."

Guildford R.D.C. v. Penny and Fortescue (T.N. March 24).

Trusts

Court exercised discretion under Variation of Trusts Act, 1958, and sanctioned breaking of voluntary trust originally made for protection of applicant.

In re Falkner's Settled Trusts (T.N. March 5). New investment clause approved for marriage settlement giving bank trustee wide powers to invest in securities quoted on recognised stock exchanges anywhere.

In re Thomas's Settlement Trusts (T.N. March 14).

Explanation of reason for wishing variation of trust should be given to Court.

In re Oakes's Settlement (T.N. March 21).

Will

Gift of residue to solicitor sole executor, in will of elderly woman not independently advised which was prepared by the solicitor, was set aside by House of Lords on ground of misdirection of jury in Court of first instance.

Wintle v. Nye (1 W.L.R. 284; 1 All E.R. 552). See page 223.

ARTICLES

	Law Times, Vol. 227, page
Order of Application of Assets ..	118
Negligent Investment Advice ..	120
"Reasonable Wear and Tear Excepted" ..	130
Payment for Partnership Goodwill ..	145

	Solicitors' Journal, Vol. 103, page
The Changing Relationship between Master and Servant ..	161
Chartered and Statutory Charities and the Courts ..	167
Stamp Duty Reform ..	183
Conversion of Private Companies into Public Companies ..	192
The Restrictive Practices Court at Work ..	205
Planning Inquiries ..	210
Reconstruction of a Company ..	225
Intermediate Income under Pre-1926 Will ..	230
Compulsory Purchase for Defence Purposes ..	234

	Law Journal, Vol. cix, page
Absolute Gift or Life Interest ..	51
Estate Duty: Relief from Double Taxation ..	67
Overpaid Beneficiaries ..	69
Forfeiture of Instalments of Purchase Money ..	132
The Yarn Spinners' Agreement ..	134

ABBREVIATIONS USED

All E.R. The All England Law Reports
T.N. The Times Newspaper
W.L.R. The Weekly Law Reports
Note: Taxation cases and articles excluded.

The Student's Columns

INFORMATION FOR THE BOARD*

By E. H. DAVISON, A.C.A.

IN PREPARING THIS paper I have adopted the view that the subject "Information for the Board" is intended to be, and is in fact, different from that more often covered, usually under the heading of "Information for Management" or some similar title.

This distinction implies that there is an inherent difference between information required by the Board and information required by the management, and I feel that it is true not only that such a distinction exists but that it is important.

At this stage, and before elaborating on distinctions, it might be wise to enlarge a little on the dangers of generalisation in laying down rules for the production of financial or accounting information for business purposes. There is an enormous number of businesses and a rather smaller but still very large number of limited companies, public and private. It is a truism to say that no two are alike and it is also important to remember that they are all continuously changing in their constitution and in their ideas. It is therefore as impossible as it is unwise to attempt to lay down golden rules for adoption in all circumstances, and I intend to go no further than to suggest how an approach to these problems should be made. To come back, then, to our distinction between the Board and management, it is probably true that while management is essentially an individual function the Board operates as a body: it may be a small body or a large body but unless it is constituted by members in the plural it hardly qualifies for definition as a Board.

The next distinction which it is important to make for our purposes is that between the functions of management, which we must regard as wholly executive, and those of a Board, which at least in theory are concerned with policy, planning, and control. A Board therefore, as a Board, is less concerned with day-to-day problems; many people claim that it should not be concerned with them at all but more concerned with trends both past and future.

What Information?

At this point the difficulties of an accountant in industry begin to emerge as distinct problems. While, in order to approach the subject of information for the Board, it is necessary to consider for a few moments the sort of

interest which a Board should take in accounting and financial matters, it is by no means certain that a Board will agree that it is not concerned with day-to-day matters or that it is closely concerned with long-term future trends. Who then is to decide what information the Board should receive and consider?

In the end, of course, the Board itself will decide, but there is no reason therefore for the accountant to throw up his hands and resign himself only to providing what is demanded. The accountant after all is trained in his own technique and is probably better able than most directors (unless they themselves are accountants) to extract the significant figures from a mass of data and, perhaps equally important, to know which figures can most easily and rapidly be extracted with the minimum of administrative waste.

It is important therefore that the accountant should regard himself as responsible for helping the Board to reach reasonable conclusions in relation to the information it requires, the amount of detail, and the appropriate periods for production.

Presentation

The second problem springs immediately from the accountant's responsibility for giving advice: it is that he must take care to be intelligible. Boards of directors, unless they are trained in accounts—as few indeed are—will inevitably have some difficulty in penetrating the obscurity of many accounting documents and in following the devious ways of accounting thought. As a profession we have an unfortunate habit, in which we are not alone, of covering up many of our fundamental technical problems by using words having a nebulous meaning sometimes virtually impossible to define. This takes me on to the verge of another subject which I do not propose to tackle today but which is absolutely fundamental to the accountant's function in industry—the accountant's duty to make himself intelligible not only in his own language but in terms of actual events.

It is therefore necessary for the accountant to avoid rigid attitudes in his approach to the problem of providing business data, and particularly to a body as a Board of which each member will have his own approach to the consideration of such data, each with a different technical background, and some even with prejudice and some without. In presenting data to a Board, therefore, the accountant must present his facts in such a way that

* A paper read at the Residential Course of the Chartered Accountant Students' Society of London at Balliol College, Oxford, last September. Mr Davison is Treasurer of Courtaulds Ltd.

they will be understood and appreciated by those to whom they are addressed, and if that result is to be achieved the personal approach of each member of the Board must be taken fully into account.

It is necessary to make the point because I feel it to be true that many accountants present statements of one kind and another which are, in accounting terms, models of their craft but which fail in their primary object, which is to convey information, because no effort is made to ensure that the meaning is clear to the recipient. In another field we need cite only accounts produced under the Companies Act which suffer from precisely this defect.

Another aspect is the elimination of the "double entry" complex. This shows itself not only in a rigid adherence to accounting form but also in the conviction of many accountants not only that their work must be balanced in the accounting sense but that the balance must be demonstrated to all those who see their statements. There is much to be said from the point of view of the layman for producing one-sided balance sheets as a statement of property from which liabilities due to be paid out of the property are deducted. The complement of most balance sheets, that is to say, a statement of capital and reserves, is irrelevant to most business problems, though not, of course, to all.

The accountant in industry, in presenting data to his Board, is therefore faced with difficulties not only of technique but of psychology and it will be his duty to determine, as best he may, what type of presentation is most likely to be acceptable and to strive for its adoption. These decisions must depend on his own appreciation of the members of the Board to whom, indeed, as individuals the approach may preferably be different but to whom, as a body, a commonly acceptable statement must be made.

How Much Information?

Having determined, for better or worse, the general approach to furnishing information for the Board, the accountant must avoid the next pitfall, and that is over-production. Responsible as he may be for the collection of a considerable volume of data in the course of his ordinary accounting functions, there will be a great temptation to make the most of them by extracting the greatest possible volume of data from the prolific source. This is a tendency most carefully to be avoided and, I may add, a danger in general which is least often detected by the accountant.

The accountant, who works in his own way, may be inclined to forget that information for the Board does not emanate solely from him. In formulating their policies and plans and in making their decisions the members of the Board will be guided by a very large number of other fields of information as well as by their own experience, knowledge, and intuition. The financial and accounting contribution to the body of information will be important but it will not stand alone, and if it is to be adequately digested, it must be fed in small doses.

While many pleas are being made for the provision by accountants of good and useful information to man-

agement and to Boards of directors, not enough attention, I feel, is drawn to the fact that in far too many instances much more information is being produced than can be absorbed and used.

It is of the highest importance that the accountant should understand that there is a very great difference between information that is useful and information that is merely interesting. Information which is solely of interest can often provide background for the consideration of information which is intended for use; too often it is produced and welcomed by recipients simply because its perusal is easier and more enjoyable than that of information which is purely functional.

The accountant must concentrate on producing for the Board the economic minimum of information, adding to it only so much as may be necessary to explain or to justify the information he has given. The really essential information is usually surprisingly little though, in fact, more hard brain-work is often demanded of the accountant to reduce his statements to the proper compass than to pour out all the information available regardless of perspective.

Much will depend, of course, on the way in which the Board runs the business and in particular on the extent of delegation practised within the company concerned. When the executive management is given full powers (which is rarely the case) the Board may require and receive only information which indicates how much profit is being made and whether the profit is in accordance with the plan. It will not be concerned with the means by which the profit is being achieved or with any part of the details of the calculations by which the profit is computed. The less the extent of delegation the more information, naturally, will the Board require, until the point is reached at which full information is required on every point, decisions are made by the Board, and the executive management becomes merely a channel through which those decisions are promulgated. It is no part of my duty in the course of this paper to suggest which practice, that of full delegation or the reverse, is the more appropriate; I merely point out that if there is a full measure of delegation, the scale of accounting and financial information provided for the Board can be very substantially reduced.

(To be concluded)

C.A.E.S.S.

The Institute of Chartered Accountants in England and Wales has founded the Chartered Accountants Employees Superannuation Scheme to enable pensions to be provided for your staff.

The opportunity now exists for all eligible firms, however small, to enjoy the advantages of a large superannuation scheme.

Write to: The Scheme Secretaries
8 Boston Avenue, Southend-on-Sea, Essex

**'Accountant required by manufacturing company; must have a
thorough knowledge of modern Costing and Budgetary Control . . .'**

ADVERTISEMENTS similar to the above are appearing regularly. Could you confidently apply or, though qualified or experienced in Professional Accountancy, would you feel handicapped by lack of specialized qualification in Costing? You can greatly extend your range of opportunity by qualifying through the Examinations of The Institute of Cost and Works Accountants.

The School of Accountancy is the leading Tutorial Institution for the I.C.W.A. Examinations. More than 7,500 complete passes in Intermediate or Final Examinations. Full details of Examinations and concessions granted to men with Professional Accountancy qualifications are given in the School's Prospectus, obtainable post free on request.

48 years of Successful Educational Service

The School of Accountancy

178 Regent House, 6 Norfolk Street
LONDON, WC2
and at Glasgow

POST THIS COUPON TODAY

Please send me a copy of your Prospectus relating to the I.C.W.A. Examinations.

NAME
ADDRESS

If you are interested in other examinations, or non-examination tuition, please add details. 178

The Largest Banking Business in New Zealand

... with over 380 Branches and Agencies throughout the country. Businessmen, intending settlers and travellers seeking up-to-date information regarding the Dominion are cordially invited to make use of the extensive facilities of this Bank. The Trade and Information Service of the Overseas Department at Head Office is freely at your disposal. Branches at Melbourne and Sydney (Australia), Suva, Lautoka, Labasa, Ba and Nadi (Fiji); also Apia (Bank of Western Samoa).

Bank of New Zealand

Incorporated with limited liability in New Zealand in 1861

London Main Office: 1 Queen Victoria St., E.C.4
A. R. Frethey, *Manager* A. E. Abel, *Assistant Manager*

Piccadilly Circus Office: 54 Regent St., W.1

Head Office: Wellington, New Zealand
R. D. Moore, *General Manager*

JUST PUBLISHED

SECOND EDITION

THE RETAILER'S GUIDE TO TRADING LAW

A legal book written for the retailer and his advisers in everyday language for everyday trading

by
K. R. BAGNALL, LL.B., of Gray's Inn, Barrister-at-Law
and
JOHN A. WALL, M.A. (Oxon)

Matters dealt with include—

- METHODS OF TRADING
- PRACTICE OF TRADING
- AGENCY
- EMPLOYEES
- LEASEHOLD PREMISES
- MISCELLANEOUS including special chapters on Restrictive Trades Practice—Hire Purchase and Credit Sales—Income Tax

12s. 6d. net

by post 13s. 6d.

JORDAN & SONS LIMITED

Company Registration Agents. Printers and Publishers
116 CHANCERY LANE, LONDON, W.C.2

Palmer's COMPANY LAW

'The publication of the twentieth edition of this well-known work is marked by the appearance of a new (joint) editorship. Following upon this change the work has been completely rearranged in a logical order which is greatly to its advantage. The chapters are now grouped in ten principal parts such as Formation of Company, Share Capital and Debentures, Membership of Company and Administration of the Company. The Appendices have been considerably expanded by adding such relevant material as the Stock Exchange requirements for quotation and the text of the Prevention of Fraud (Investments) Act, 1958.'—*Solicitors' Journal*.

'... the appearance of the 20th edition will be greatly appreciated; its comprehensiveness is unrivalled.'—*Fairplay*.

Twentieth Edition by

CLIVE M. SCHMITTHOFF AND T. P. E. CURRY

£6 6s. net (3s. postage)

How is a company formed, and what will be the effect on a business if it is incorporated? Here is a book designed not only to be a reliable guide to the specialist who may know many of the answers to these questions already, but also to give the necessary knowledge to the business man and his advisers.

Self-sufficient within the limits set by the authors, Part One deals with the nature and types of company and the advantages and disadvantages of incorporation, especially in regard to taxation; Part Two gives a full account of the formation and registration of companies, and Part Three contains a brief account of how to convert a private company into a public one. To make the book truly self-contained there are appendices on the rates of Stamp Duty in connection with the purchase of a business by a company and on Schedules XII and I of the Companies Act, 1948.

FORMATION OF PRIVATE COMPANIES

D. BARKER and A. P. HALBERSTAM

Ready shortly.

35s. net

Sweet & Maxwell · 3 Chancery Lane, London, W.C.2

Have you secured for yourself the benefits granted by the Finance Act, 1956?

The Chartered Accountants Retirement Benefits Scheme

has been established by the

Institute of Chartered Accountants in England and Wales

to offer

Retirement and death benefits at terms guaranteed throughout the member's career

A pension for yourself and for your wife at an inclusive premium

Write to:

**The Scheme Secretaries
8 Boston Avenue, Southend-on-Sea, Essex**

The Institute of Chartered Accountants in England and Wales

Meetings of the Council

AT SPECIAL AND ordinary meetings of the Council held on Wednesday, April 8, at the Hall of the Institute, Moorgate Place, London, E.C.2, there were present: Mr. W. L. Barrows, President, in the chair; Mr. C. U. Peat, M.C., Vice-President; Mr. E. Baldry, O.B.E., Mr. C. Percy Barrowcliff, Mr. T. A. Hamilton Baynes, Mr. H. A. Benson, C.B.E., Mr. P. F. Carpenter, Sir William Carrington, Mr. G. T. E. Chamberlain, Mr. C. Croxton-Smith, Mr. W. G. Densem, Mr. S. Dixon, Mr. W. W. Fea, Sir Harold Gillett, M.C., Mr. J. Godfrey, Mr. P. F. Granger, Mr. L. C. Hawkins, Mr. J. S. Heaton, Mr. D. V. House, Sir Harold Howitt, G.B.E., D.S.O., M.C.; Mr. P. D. Irons, Mr. J. A. Jackson, Mr. H. O. Johnson, Mr. W. H. Lawson, C.B.E., Mr. H. L. Layton, Mr. R. B. Leech, M.B.E., Mr. R. McNeil, Mr. J. H. Mann, M.B.E., Mr. R. P. Matthews, Mr. Bertram Nelson, C.B.E., Mr. W. E. Parker, C.B.E., Mr. S. J. Pears, Mr. F. E. Price, Mr. L. W. Robson, Mr. G. F. Saunders, Mr. K. G. Shuttleworth, Mr. C. M. Strachan, O.B.E., Mr. J. E. Talbot, Mr. E. D. Taylor, Mr. A. D. Walker, Mr. A. H. Walton, Mr. V. Walton, Mr. M. Wheatley Jones, Mr. E. F. G. Whinney, Mr. J. C. Montgomery Williams, Mr. R. P. Winter, C.B.E., M.C., Mr. E. K. Wright, Sir Richard Yeabsley, C.B.E., with the Secretary and Assistant Secretaries.

Annual Report and Accounts for 1958

The annual report of the Council and the accounts of the Institute for the year 1958 were approved for issue to members of the Institute.

Resignation of Auditor

The Council accepted with regret the resignation of Mr. Geoffrey Bostock, F.C.A., as one of the auditors of the Institute.

Election to the Council

Mr. Edmund Kenneth Wright, M.A., F.C.A., was elected a member of the Council to fill the vacancy caused by the resignation of Mr. Harold Garton Ash, O.B.E., M.C., F.C.A., and thereupon took his seat in the Council Chamber.

The President welcomed Mr. Wright, who briefly replied.

Mr. Geoffrey Bostock

In thanking Mr. Bostock, who was in

attendance, for his services to the Institute, the President said:

I and my colleagues on the Council have just received and accepted your resignation as auditor of the Institute; a resignation arising from the election of your partner (one of your former articled clerks), Mr. E. K. Wright, as a member of the Council.

It is a particular pleasure for me to have the task of expressing our thanks to you because you are a fellow Staffordshire man who served your articles in Birmingham with Messrs. Carter & Co. before transferring your interests to the City of London.

You were appointed one of the auditors of the Institute on March 7, 1934, replacing your late partner, Mr. Dexter.

Over twenty-five years you have given most valuable service to successive Presidents, members of the Council, the Secretary, the staff and the whole of the members of the Institute. You, and your partners and staff, have gone out of your way to be of real assistance. We are all most grateful to you, Mr. Bostock, and our parting is with very great regret. On behalf of the members of the Institute of Chartered Accountants in England and Wales I thank you for your great service to our Institute.

Appointment of Auditor

Mr. Leonard Pells, M.A., F.C.A., was appointed as one of the auditors of the Institute to fill the vacancy arising from the resignation of Mr. Geoffrey Bostock, F.C.A.

Autumn Meeting 1959

Blackpool, October 15 to 17

The following members of the Institute have accepted invitations to address the Autumn Meeting to be held in Blackpool in October, 1959:

Mr. J. Ainsworth, M.B.E., M.COM., F.S.A.A., on *The financing and control of local government expenditure*;

Sir Harold Howitt, G.B.E., D.S.O., M.C., D.C.L., LL.D., D.L., F.C.A., on *Prices, productivity and incomes*;

Mr. W. H. Lawson, C.B.E., B.A., F.C.A., on *Investment opportunities for those with limited capital*.

An outline of the programme and form of application to attend were sent to all members in England and Wales on March 31, 1959. Any other member who may be interested in attending the meeting should

write at an early date to the Secretary of the Institute for particulars.

Appointments to Committees

Mr. C. Croxton-Smith and Mr. J. E. Talbot were appointed to serve on the Investigation Committee.

Suitability of Practice for Taking Articled Clerks

Restriction on the number of articled clerks permitted to a principal

The Council has considered cases involving the suitability of practices for the purpose of taking articled clerks. Under the prescribed provisions included in all articles the principal covenants:

That to the best of his ability and power he will either personally or through his partner or partners or his senior assistants engage the Articled Clerk on such work and afford him such opportunities and experience as are necessary for the purpose of enabling the Articled Clerk to acquire the art and knowledge of a chartered accountant in practice as a public accountant.

That his professional practice as public accountant is his main occupation and is suitable for the purpose of enabling him to perform the last mentioned covenant.

Under bye-law 50 the Council may in its absolute discretion refuse to register articles lodged for registration. The Council wishes it to be known that in certain cases it has exercised that discretion so that the number of clerks to be articled to the members concerned has been restricted to fewer than the four permitted to a member by bye-law 56.

Registration of Articles

The Secretary reported the registration of 145 articles of clerkship during the last month, the total number since January 1, 1959, being 595.

Admissions to Membership

The following were admitted to membership of the Institute:

§BAIKIE, PETER IVOR; A.S.A.A., 1959; London House, Guilford Street, London, W.C.1.

BECK, BRIAN TREVOR; A.C.A., 1959; 25 Valence Road, Leicester.

§BERMAN, LEWIS PAUL; A.S.A.A., 1959; 18 Coniston Road, Rondebosch, Cape Town, South Africa.

BOOTH, DONALD BARRIE; A.C.A., 1959; 156 Thorne Road, Doncaster.

§BORDISS, PETER JOHN; A.S.A.A., 1959; 91 Highland Road, Kensington, Johannesburg, South Africa.

BRAINT, RICHARD BRIAN; A.C.A., 1959; 21 Ring Road, Leicester.

DAVISON, WILLIAM GORDON; A.C.A., 1959; 163 Garstang Road, Fulwood, Preston.

EVANS, DAVID TURNER GLAN; A.C.A., 1959; 39 West Drive, Porthcawl, Glam.

EVANS, DAVID WILLIAM; A.C.A., 1959; 64 Junction Road, Northampton.

FAVELL, MALCOLM EDWARD; A.C.A., 1959; 49 Dorking Road, Epsom, Surrey.

FOSTER, HORACE LESLIE; A.C.A., 1959; 94 Barlow Road, Levenshulme, Manchester, 9.

FOSTER, HUGH MACFARLANE; A.C.A., 1959; 14 Old Shoreham Road, Hove, 4, Sussex.

§GROOM, DENIS JAMES; A.S.A.A., 1959; "Tree-tops," Arcturus Road, Highlands, Salisbury, Southern Rhodesia.

HEATHER, COLIN; A.C.A., 1959; 217 Broad Lane, West Derby, Liverpool, 11.

§HOULDING, ROBERT GEORGE; A.S.A.A., 1959; London House, Guilford Street, London, W.C.1.

§KHAN, A. B. M. ATA UDDIN; A.S.A.A., 1959; 26 Leinster Square, London, W.2.

LEDWITH, BRIAN; A.C.A., 1959; 168 Bickenhall Mansions, London, W.1.

§LOCK, GEORGE ANDREW WILBERFORCE; A.S.A.A., 1959; 25 Castle Street, Aylesbury, Bucks.

§MORRIS, CLIVE REID; A.S.A.A., 1959; 11 Emandes Court, Roxburgh Road, Selection Park, Springs, South Africa.

§MUTCH, BRIAN NOEL; A.S.A.A., 1959; P.O. Box 8543, Johannesburg, Transvaal, South Africa.

SHARP, JOHN WILLIAM EDWARD; A.C.A., 1959; 117 Church Avenue, Leeds, 6.

SIMSON, KENNETH DAVID; A.C.A., 1959; 23 Brightling Road, Crofton Park, London, S.E.4.

STREET, JOHN WILLIAM; A.C.A., 1959; 22 Walsh Avenue, Hengrove, Bristol, 4.

STURTIVANT, BRIAN FREDERICK; A.C.A., 1959; 27 Elmswood Gardens, Sherwood, Nottingham.

WALKER, COLIN HOWARD, M.A.; A.C.A., 1959; 695 Great Horton Road, Bradford, 7.

WALKER, (MISS) MARIAN LILAMANI, B.COM.; A.C.A., 1959; 45 Royston Park Road, Hatch End, Middlesex.

§WILSON, FREDERICK SAMUEL JOHN; A.S.A.A., 1959; c/o African Associated Mines, Ltd., P.O. Box 1361, Bulawayo, Southern Rhodesia.

Elections to Fellowship

The following were elected to fellowship:

BRESSLOFF, STANLEY JOHN; A.C.A., 1954; (Percy Phillips & Co.), 76 New Cavendish Street, Portland Place, London, W.1.

BURGESS, LESLIE; A.C.A., 1958; (S. 1953); (L. Burgess & Co.), 6 Grafton Street, London, W.1, and at Croydon.

CATTELL, EDWIN EDMUND, M.A.; A.C.A., 1936; (†Price Waterhouse & Co.), 229 Mutual Building, Darling Street, Cape Town, South Africa, and at Durban, Johannesburg and Port Elizabeth.

COHEN, IVOR MALCOLM; A.C.A., 1951; (*Landau, Morley & Scott), 2 Bentinck Street, London, W.1, and 2/10 St. John's Road, Clapham Junction, London, S.W.11; also at Brighton, Feltham and Stratford, Essex.

FOSTER, FREDERICK NOEL; A.C.A., 1935; (*Cooper Brothers & Co.) and (*Coopers & Lybrand), Permanent House (P.O. Box 29), Kitwe Road, Chingla, N. Rhodesia, and at Bancroft, Bulawayo, Gwelo, Kitwe, Lusaka, Ndola and Salisbury, S. Rhodesia.

GRATTON, ROBERT CECIL; A.C.A., 1958; (S. 1948); (Foxon & Co.), Vernon House, 12/18 Friar Lane, Nottingham.

HOLLIDAY, CHRISTOPHER JAMES; A.C.A., 1951; (Randall & Payne), 4 Rowcroft, Stroud, Gloucestershire, and at Melksham.

JEHRING, PETER JOHN YARINGTON; A.C.A., 1951; (Morison, Rutherford & Co.), 20 Eastcheap, London, E.C.3, and 24 Coleman Street, London, E.C.2.

KNOWLES, PETER WILLIAM PERCY; A.C.A., 1948; (Carter, Clay & Lintott), Manfield House, 376-379 Strand, London, W.C.2.

LENNARD, STEPHEN MICHAEL; A.C.A., 1958; (S. 1954); 8 The Hermitage, Lewisham Hill, London, S.E.13.

SCUTT, GERALD ARTHUR TOM; A.C.A., 1948; (Lodge & Winter), 19 Lemon Street, Truro, and at Falmouth and Torquay.

SINCLAIR, MICHAEL; A.C.A., 1953; (M. Sinclair & Co.), 39-41 New Bond Street, London, W.1.

TOMKINS, WILLIAM PATRICK; A.C.A., 1953; (William P. Tomkins & Co.), 245A Broadway, Bexleyheath, Kent.

WALTERS, WILFRED LIONEL JOHN; A.C.A., 1958; (S. 1924); (W. T. & L. Walters), Middle Street, Yeovil.

WILLIAMS, EDGAR NORMAN; A.C.A., 1954; (Williams & Co.), 6 Marlborough Place, Brighton, 1.

WOOLVEN, SYDNEY ARTHUR; A.C.A., 1950; (Edmund D. White & Sons), London and Lancashire Chambers, 45A Dale Street, Liverpool, 2, and at London.

WRIEDEN, REGINALD THOMAS; A.C.A., 1958; (S. 1937, f. 1957); (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.2, and at Bedford, Hitchin, Leighton Buzzard, Luton and Stony Stratford.

Incorporated Accountant Members Becoming Associates

The Council acceded to applications from the following incorporated accountant members for election as associates under clause 6 of the scheme of integration referred to in clause 34 of the Supplemental Royal Charter:

DHANBHOORA, CAVAS DARASHA; (1958); A.S.A.A., 1953; 51 Beechwood Avenue, Kew Gardens, Surrey. (With Joel Auerbach.)

WANKADIA, KAIKUSHROO VICAJEE; (1958); A.S.A.A., 1956; 18 Fairfield Road, London, N.8. (With A. C. Palmer & Co.)

Use of Letters F.S.A.A.

An application from the following incorporated accountant member A.S.A.A. to use the letters F.S.A.A. under clause 4 (b) of the scheme of integration referred to in clause 34 of the Supplemental Charter was acceded to:

§PERKINS, WILLIAM HAYDN; (1958); A.S.A.A., 1931; Chief Finance Officer, Stevenage Development Corporation, Aston House, near Stevenage, Herts.

Members Commencing to Practise

The Council received notice that the following members had commenced to practise:

BASKERVILLE, ROY; A.C.A., 1958; (S. 1951); 16 Graysands Road, Hale, Cheshire, and at Altrincham.

BATCHELOR, ARTHUR ANTHONY; A.C.A., 1956; (John W. Hinks & Co.), 36A Waterloo Street, Birmingham, 2, and at Smethwick.

BATLEY, MAURICE; A.C.A., 1935; (*Booth & Topping), Halifax Chambers, 8 Cloth Hall Street, Huddersfield.

CALLAND, ANDREW; A.C.A., 1955; (Westlake, Clark & Co.), 5 Kings Park Road, Southampton, and at New Milton.

CASBOLT, GEORGE EDWARD; A.C.A., 1958; (S. 1955); (*Richardson, Watson & Co.), Enterprise House, Station Approach, Coulsdon South, Surrey.

COOKLIN, HENRY; A.C.A., 1958; (S. 1957); 152 Westcotes Drive, Leicester.

EMERY, KENNETH JOHN; A.C.A., 1955; (Jays, White & Co.), 5 Hatherton Road, Walsall.

FULLER, PETER DENIS; A.C.A., 1958; (S. 1952); (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.2, and at Bedford, Hitchin, Leighton Buzzard, Luton and Stony Stratford.

KANTER, HAROLD; A.C.A., 1956; (H. Kanter & Co.), 341 Regent's Park Road, London, N.3.

MARKS, STANLEY, B.SC.(ECON.); A.C.A., 1957; 31 Helenslea Avenue, London, N.W.11.

MILLER, ERNEST; A.C.A., 1958; (S. 1957); Hadley House, 313 Ballards Lane, London, N.12.

PATTERSON, GEORGE BRIAN; A.C.A., 1958; (*S. Wood Frankson & Co.), 171-173 High Street, Hounslow, Middlesex.

POLLINGER, GEORGE EDWARD; A.C.A., 1955; (William Price & Co.), 1 St. Paul's Road, Clifton, Bristol, 8.

RUMSEY, RONALD LIONEL; A.C.A., 1951; 54 Hall End Road, Wootton, Bedford.

SUMPNER, ROGER EDWARD; A.C.A., 1932; 33 Warwick Road, Wanstead, London, E.11.

TOLSON, CLIFFORD; A.C.A., 1958; (S. 1924); (C. Tolson & Co.), 52 Bradford Road, Dewsbury.

WALTON, DESMOND HARRY VALENTINE, D.F.C.; A.C.A., 1954; (Desmond Walton & Co.), 15 Bolton Street, Piccadilly, London, W.1.

Re-admission to Membership

Subject to payment of the amount required by the Council, one former member of the Institute was re-admitted to membership under clause 23 of the Supplemental Royal Charter.

It was reported to the Council that the following re-admission, made at the Council meeting on March 4, 1959, subject to payment of the amount required, had become effective:

PINDER, FRANK NORRIS, A.C.A., 87 Elm Park Mansions, Chelsea, London, S.W.10.

Admission to Membership under the Scheme of Integration

Subject to payment of the amounts required by the Council, the Council acceded to applications from two former members of the Society of Incorporated Accountants for admission to membership of the Institute under clause 5 of the scheme of integration referred to in clause 34 of the Supplemental Royal Charter.

Deaths of Members

The Council received with regret the Secretary's report of the deaths of the following members:

BROMLEY, FRANK DARCY, F.C.A., Wilmslow.

BROWN, ARCHIBALD, A.C.A., Birmingham.

§ Means "incorporated accountant member."

Firms not marked † or * are composed wholly of members of the Institute.

† Against the name of a firm indicates that the firm, though not wholly composed of members of the Institute, is composed wholly of chartered accountants who are members of one or another of the three Institutes of chartered accountants in Great Britain and Ireland.

* Against the name of a firm indicates that the firm is not wholly composed of members of one or another of the three Institutes of chartered accountants in Great Britain and Ireland.



Excuse us, we're new here....

. . . but there's *one* thing we *must* tell you about; Kalamazoo Copy-Strip Index provides a master index of any Price List, Spares, Internal 'Phone Numbers, Codes or Lists and Catalogues of any kind.

You keep this master index up-to-date and get as many copies as you need by photographing and printing by any one of several methods, some of which may already be in your office.

No messy interlined lists, barely legible, and costly to produce.

Copies at a few minutes' notice, several, or hundreds, or thousands.

This new idea must be seen by all concerned with office efficiency.

Return the coupon.

To Kalamazoo Ltd., Northfield, Birmingham 31

Please let me have details of the new Kalamazoo Copy-Strip equipment.

Name

Firm

Address

A459

Kalamazoo



How many pfennigs make a pound?

Before you go on holiday abroad the National Provincial Bank will put you 'in the know' on currency matters and deal with the necessary formalities. We can tell you the best way to take your money: in currency or travellers' cheques... where to change it and what are the present rates of exchange. If you are travelling abroad on business, then the experience of our specialists in overseas business is at your disposal.

National Provincial

for friendly service

NATIONAL PROVINCIAL BANK LIMITED

MAXIMISE YOUR PROSPECTS

WITH

The British College of Accountancy

Don't gamble on the Examination Results—Ensure Success.

In the Society Examinations held last November the results were:—

	<i>Percentage of Successes</i>	
	All Candidates	B.C.A. Candidates
Society Intermediate	40.0%	50.5%
Society Final (Parts I & II combined)	46.9%	52.0%

Can we help YOU to succeed?

28,000 Successes

including

786 Honours

and

115 First Places

To: The British College of Accountancy, 121 London Wall, EC2
Please forward a College Prospectus, together with a
Lecture Programme and specimen copy of 'Zest'. I am
interested in the _____ examinations.

Name _____

Address _____

(5-4) _____

BRUETON, SAMUEL HOWARD, A.C.A., Stoke-on-Trent.
 CLARKE, HERBERT GEORGE, A.C.A., London.
 COMPTON, HERBERT RICHARD, A.C.A., Croydon.
 COOMBS, ERNEST, A.C.A., Sale, Cheshire.
 CROMIE, DAVID BENNETT, A.C.A., Florida.
 DARBY, WILLIAM JAMES, A.C.A., Bristol.
 DOWLER, COLIN, A.C.A., Manchester.
 GRUMITT, ARTHUR, A.C.A., Sydney.
 GYLES, GEORGE FREDERICK, A.C.A., Vancouver.
 HARPER, REGINALD TRISTRAM, O.B.E., D.L., F.C.A., Cranleigh, Surrey.
 KROFF, NOEL LANCELOT, F.C.A., Guildford.
 LEVY, ISADORE, A.C.A., London.
 PENFOLD, JAMES HAROLD, F.C.A., Brighton.
 PERRY, JOHN ALFRED, A.C.A., Tynemouth.
 PRENTICE, JOHN BERTRAM, F.C.A., Hove.
 PROFFITT, CHARLES ARNOLD, A.C.A., London.
 SHERWOOD, HAROLD HENRY, F.C.A., Birmingham.
 STAMPER, CHRISTOPHER LINCOLN, A.C.A., London.
 TURNER, THEODORE HAROLD, A.C.A., Blackburn.
 WEBB, CECIL OSCAR, F.C.A., Weybridge.
 WHITLOW, ALBERT, F.C.A., London.
 WILSON, CHARLES SEWELL, F.C.A., South Shields.
 WOOD, ROBERT EVELYN, A.C.A., Bexhill-on-Sea.
 WOOD, STANLEY ARTHUR, A.C.A., Rhyl.

Finding and Decision of the Appeal Committee

Finding and Decision of the Appeal Committee of the Council of the Institute appointed pursuant to bye-law 108 of the bye-laws appended to the supplemental Royal Charter of December 21, 1948, at a hearing held on April 7, 1959.

The Appeal Committee heard an appeal against the Finding and Decision of the Disciplinary Committee of the Council of the Institute upon a formal complaint preferred by the Investigation Committee of the Council to the Disciplinary Committee that Bernard Arthur Wilfred Fox, A.C.A., had been guilty of acts or defaults discreditable to a member of the Institute within the meaning of clause 21, sub-clause (3) of the supplemental Royal Charter in that (a) he failed within a reasonable time or at all to implement his promise (given in a letter to the Secretary of the Institute) to deal with certain matters relating to the affairs of a firm in which he was formerly a partner, namely (i) the agreement and settlement with the Inland Revenue of the tax liability of the firm; (ii) the submission to the Inland Revenue of the final accounts of that firm; (iii) the payment to his late partner of the balance of the moneys due to him; (b) he failed to reply within a reasonable time to four letters addressed to him by the Secretary of the Institute in relation to the matters referred to in (a) above, so as to render himself liable to exclusion or suspension from membership of the Institute. The Appeal Committee affirmed the finding of

the Disciplinary Committee that the formal complaint against Bernard Arthur Wilfred Fox, A.C.A., had been proved and the Committee affirmed the decision of the Disciplinary Committee that Bernard Arthur Wilfred Fox, A.C.A., of 115 Eastcote Road, Ruislip, Middlesex, be excluded from membership of the Institute.

Finding and Decision of the Disciplinary Committee

Finding and Decision of the Disciplinary Committee of the Council of the Institute appointed pursuant to bye-law 103 of the bye-laws appended to the supplemental Royal Charter of December 21, 1948, at a hearing held on March 4, 1959.

A formal complaint was preferred by the Investigation Committee of the Council of the Institute to the Disciplinary Committee of the Council that Rothwell Bamber, F.C.A., was at the Session of the Crown Court at Manchester held on November 4, 1958, tried and convicted upon an indictment charging him with eight counts of causing to be delivered a false statement to the prejudice of His Late Majesty The King and the Public Revenue with intent to defraud, and one count of causing to be delivered a false statement to the prejudice of Her Majesty The Queen and the Public Revenue with intent to defraud, so as to render himself liable to exclusion or suspension from membership of the Institute. The Committee found that the formal complaint against Rothwell Bamber, F.C.A., had been proved and the Committee ordered that Rothwell Bamber, F.C.A., formerly of 12 Park Street, Lytham, Lytham St. Annes, Lancashire, be excluded from membership of the Institute.

Members' Library

The Librarian reports that among the books and papers acquired by the Institute in recent weeks by purchase and gifts are the following:
 Accounting Practices in the Petroleum Industry; by R. H. Irving and V. R. Draper. New York. 1958. (Ronald Press, 43s.)

Analyses of Industrial Operations; ed. by E. H. Bowman and R. B. Fetter. Homewood, Illinois. 1959 (Irwin, 63s.)

Budgeting: Cost Analysis and Control Systems: Methods: Procedures. (Association of Casualty & Surety Companies). New York. 1957. (A. of C. & S.C.)

Business Budgets and Accounts; by H. C. Edey, A.C.A. 1959. (Hutchinson, 18s.)

The Challenge of Change (report of conference at Brighton, November, 1958).

(British Institute of Management). 1959. (B.I.M., 21s.)

The Dictionary of English Law; ed. by Earl Jowitt and C. Walsh. 2 vols. 1959. (Sweet & Maxwell, 168s.)

Dynamic Accounting; by E. Schmalenbach; translated from the German by G. W. Murphy, F.C.A., and K. S. Most, A.C.A. 1959. (Gee, presented, 42s.)

Federal Tax Handbook 1959. (Prentice-Hall.) Englewood Cliffs, N.J. 1958. (Prentice-Hall, 31s. 6d.)

A Guide to the preparation of accounts of trustees and liquidators; by W. Goldberg. 2nd edn. Cape Town. 1958. (Juta, 31s. 6d.)

Hanson's Death Duties; by A. Hanson: 10th edn. by H. E. Smith. 1956. 3rd supplmt. 1959. (Sweet & Maxwell, 126s. and 21s.)

In-Line Electronic Accounting, Internal Control and Audit Trail. (International Business Machines Corporation.) [New York, n.d., c. 1959.] (I.B.M.C., presented.)

Investing Simplified; by E. Du Cann. 1959. (Newman Neame, 15s.)

Operations Research Reconsidered. (American Management Association.) New York. 1958. (A.M.A., 30s.)

Palmer's Company Law; by Sir F. Palmer. 20th edn. by C. M. Schmittoff and T. P. E. Curry. 1959. (Stevens, 126s.)

Selling in the Export Market; by T. M. Hodges. 1959. (Pitman, 16s.)

*Tax Planning with Precedents; by D. C. Potter and H. H. Monroe: 3rd edn. 1959. (Sweet & Maxwell, 50s.)

The Taxation of Business Income from Foreign Operations: studies in U.S., foreign and international tax law. (American Management Association.) New York. 1958. (A.M.A., 45s.)

Taxation Appeals; by S. M. Young: 2nd edn. by H. G. S. Plunkett. 1959. (Solicitors Law Stationery Soc., 15s.)

World Tax Series: (ed.) by W. S. Barnes: Taxation in Australia: (ed.) by W. W. Brudno (and others). Boston. 1958. (Little, Brown & Co., 74s. 6d.)

* This book has been presented to all District Society Libraries under the grant of books scheme.

Sheffield Past and Present

THE ANNUAL DINNER of the Sheffield & District Society of Chartered Accountants was held on March 5 in the banqueting hall of the Cutlers' Company. Mr. W. H. Olivier, M.A., T.D., F.C.A. (President of the Sheffield Society) occupied the chair. The guests included the Lord Mayor of Sheffield (Alderman J. W. Holland, J.P.); The Rt. Hon. Lord Mills, K.B.E. (Minister of Power); Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); Mr. J. Hugh Neill, T.D. (Master Cutler); Mr. Robert S. Ferneough (President of

the Sheffield Chamber of Commerce); Sir Harold Howitt, G.B.E., D.S.O., M.C., D.L., F.C.A. (past President of the Institute); Sir Peter Roberts, Bt., M.P.; Sir Walter Benton Jones, Bt., M.A., LL.D.; Mr. J. H. Whittaker, M.A., D.Sc., F.R.S. (Vice-Chancellor of the University of Sheffield); Mr. Gerard Young, J.P. (Pro-Chancellor of the University); and others representative of professional bodies and official and civic life.

The Rt. Hon. Lord Mills (Minister of Power) proposed the toast of the City and Trades of Sheffield. He referred to the recent production by the city council of the illustrated book entitled *Sheffield, England*: it was a very beautiful work of art and a mine of information. Sheffield, he said, should be very proud. It should be very proud of its great men—poets, composers, writers, scientists, engineers and men of business—and of the achievements of the present generation in providing new materials and new methods which had contributed so much to the great scientific advances of the present age. Without the work of Sheffield the country would not lead the world in aeronautics and nuclear power. Also, Sheffield must be proud of its steel men who had set a pattern in industrial relations.

Sheffield was producing a special steel which would allow special tools to be fashioned to make possible a great mechanical development. Sheffield steels gave life and character and fashioned so many wonderful things. He believed the arrows of Crécy and Agincourt were fashioned in the city, and today Sheffield was fashioning the spearheads of our export trade. Without the steels, without the tools which came from the steels, we could not lead in the great export drive. Exports were important not only because they gave us a good position in our balance of payments. The Prime Minister had just returned from Russia: he found differences of opinion but he also found a common belief that trade would make for peace.

In the time of Elizabeth I Sheffield was renowned for its cutlery. Then Sheffield was a poor town. Records for 1615 gave the number of inhabitants as 2,207, of whom 725 were living on the charity of neighbours. The end of the eighteenth century saw great changes, and the last 150 years had been years of really enormous progress. The growth of the city was well illustrated by the progress made by accountants, who computed the cost. When he was a boy the only assistance they had was a copying press, and letters were written by hand. Now there were digital computers.

A city like Sheffield deserved as its first citizen a man of outstanding character: he was sure it now had one in Alderman Holland, who had made noteworthy contributions to industry, to trade unionism and to education, and was a tower of strength to the Yorkshire Electricity Board.

The Lord Mayor of Sheffield (Alderman J. W. Holland, J.P.), responding to the toast, spoke of his pleasure at meeting Lord Mills, who was in control of one of the most

vital sections of life today. Sheffield had an efficient electricity department before nationalisation, and he doubted whether it was as good now. He still believed that local government was the best form of democratic control.

Mr. J. Hugh Neill, T.D. (the Master Cutler) in proposing the toast of the Institute of Chartered Accountants in England and Wales, expressed the wish that the decimal system might be adopted for our currency. The present inquiry might lead to its early adoption or to the continuance of the present system for another twenty-five years. He felt it was only a matter of years before England made the change, and it was better to grasp the nettle now. Its advantages must be obvious to accountants. Accounting machines must be more flexible. The change would be worth all the inconvenience and expense it would involve.

Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales) responded. He said that during his year of office he had met Mr. Neill on a number of occasions. Mr. Neill had a distinguished military career and an outstanding record of public service, particularly in the Sheffield area. It must be almost unique, for he saw that Mr. Neill's father and both his grandfathers were Master Cutlers.

There was an accountants' society in Sheffield some years before the formation of the Institute, and out of eight petitioners for the Charter three were accountants practising in Sheffield, one of whom was the grandfather of Philip Barber, his own London partner. Mr. James Barber must have been a great character. Apart from his professional work he painted landscapes with a fair degree of skill and was an expert on the high bicycle. It is recorded that he rode the 170 miles from Sheffield to London in one day in the 1870's.

The Sheffield Society had increased its members from about 280 to 450, the increase being almost entirely due to the influx of members of the Society under the integration scheme. He welcomed them and he wanted to say how extraordinarily well the integration scheme seemed to have worked out.

At the forthcoming annual meeting proposals would be brought forward by the Council in connection with fellowship. These proposals were in accordance with last year's report of the Council, amended after consultation with the Committees of the District Societies, including Sheffield.

Members of the Council were grateful to the Sheffield representative, Mr. Shuttleworth, for what he had done over the last ten years. It was interesting to note that his grandfather was Vice-President of the Institute in 1903/4.

He was delighted to see as the chief guest the Minister of Power, Lord Mills, with whom he had such a happy association over many years on the Board of Averys Ltd. He succeeded Lord Mills as Chairman of that company when he became Minister of Power. They were all proud of his early

association with the accountancy profession and of his success as a businessman in the office of Minister of Power and as a member of the Cabinet.

Their President, Mr. W. H. Olivier, had an interesting background, for his mother was the daughter of Sir William Peat, a past President of the Institute, and sister of the present Vice-President, Mr. C. U. Peat. Mr. Olivier's father was a distinguished artist and his portrait of his father-in-law, Sir William, was presented to the Institute and was now hanging on the staircase at Moorgate Place.

Referring to the Master Cutler's remarks about the decimal system, Mr. Barrows said that a long time ago—about 1880 or 1881—the members of the Institute passed unanimously a resolution in favour of its adoption.

Mr. W. H. Olivier, M.A., T.D., F.C.A. (President of the Sheffield Society), proposed the toast of the guests, to which Mr. Robert S. Fearnough (President of the Sheffield Chamber of Commerce) responded.

Birmingham Presidents and the University

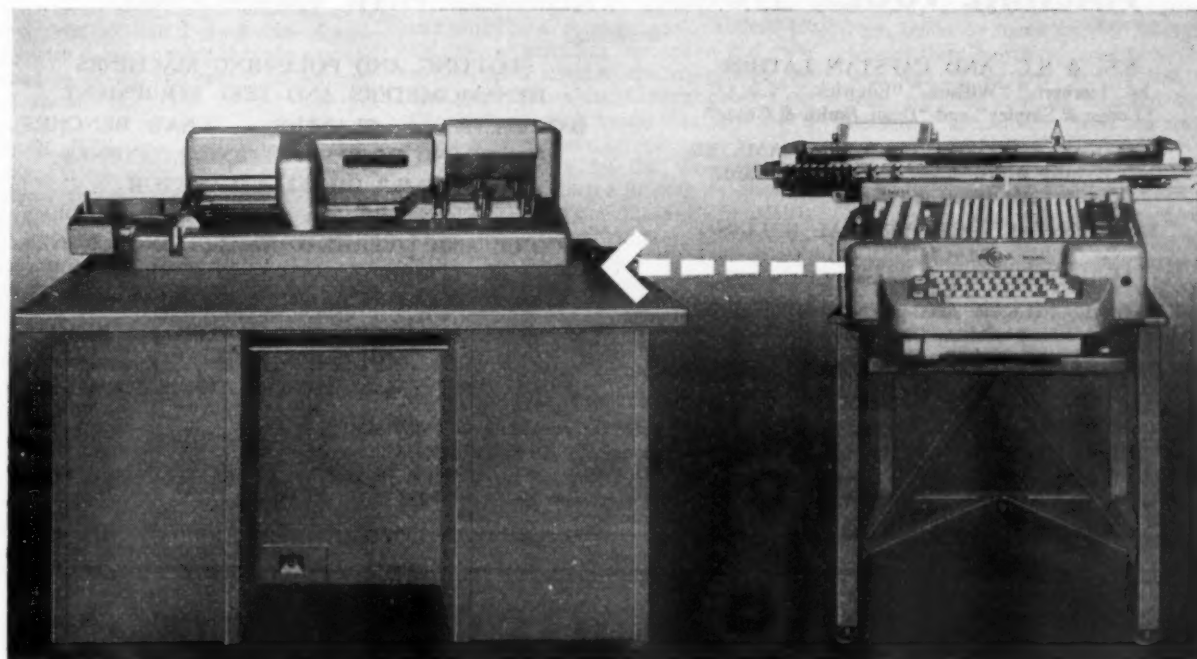
MR. DENIS F. DODD, T.D., F.C.A., President of the Birmingham and District Society of Chartered Accountants, presided at the annual dinner held at the Grand Hotel, Birmingham, on March 12. The company of about 450 included the Lord Mayor of Birmingham (Alderman Donald Johnstone, J.P.); His Honour Judge Norman A. Carr, M.A., LL.B.; Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); Dr. R. S. Aitken, M.D., D.Phil., LL.D., F.R.C.P. (Vice-Chancellor of the University of Birmingham); Major Sir Arnold Waters, V.C., C.B.E., D.S.O., D.L., J.P.; Mr. N. G. Lancaster, M.B.E., A.C.A. (President of the Birmingham Chamber of Commerce); and other representatives of the professions, education and the Inland Revenue.

His Honour Judge Norman A. Carr, M.A., LL.B., who proposed the toast of the City of Birmingham, talked amusingly of what judges had said about accountants. One had called accountants "the witch doctors of the modern world." Another was more kindly when he said "The accountant is a watchdog, not a bloodhound." He himself preferred the statement that accountants were those kindly people who helped others to adjust their net incomes to their gross habits. But he would like to know what accountants said about judges. Unfortunately those remarks did not get into the law reports.

The Lord Mayor of Birmingham (Alderman Donald Johnstone, J.P.) in his response said that the city was faced with the problems of accommodating its population and its industries. In recent years the City

Announcing
The *National* class 31
REG. T.M.

**Automatic
 CARD PUNCH
 COMBINATION**

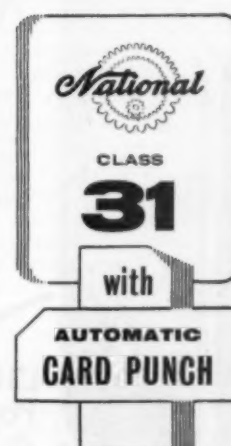


HERE NOW—Automatic alpha-numeric punching and verification of CARDS as a simultaneous by-product of high-speed postings to conventional accounting records of all types.

SOME IMPORTANT ADVANTAGES

- ★ High-speed recording of numbers, references and amounts on a conventional 'direct-entry' keyboard, familiar to all.
- ★ Verification of reference numbers and brought-forward balances, *before* punching into cards
- ★ No separate verification required
- ★ Line-by-line proof establishes accuracy of postings
- ★ Plug-board control of punching programmes provides complete flexibility of system and card layout
- ★ Cards punched with no extra machine time

*The National CLASS 31 is adaptable (in seconds) to all types of accounting operations e.g.: INVOICING * PAYROLL * STORES LEDGERS * SALES & PURCHASE LEDGERS * COSTING * BUDGETARY CONTROL * MATERIAL ANALYSIS * ETC. And now—it provides an automatic unit input medium for use with orthodox punched-card systems and/or electronic computers.*



FULL DETAILS, PRICES &
 SPECIFICATIONS AVAILABLE
 ON WRITTEN REQUEST TO THE
 Accounting Machine Division of
**THE NATIONAL CASH
 REGISTER COMPANY LTD.,**
 206-216 Marylebone Road
 London N.W.1. PAD 7070

By Order of the Receiver, C. E. M. Emmerson, Esq., F.C.A.

Re: Effra Sales & Services Limited

APEDALE WORKS, APEDALE ROAD, CHESTERTON, NEWCASTLE-UNDER-LYME

HENRY BUTCHER & CO.

are instructed to offer for SALE BY AUCTION, in LOTS, at THE WORKS, on

WEDNESDAY, 13th MAY, 1959 at ELEVEN A.M., the

MACHINE TOOLS, STORES, VEHICLES AND EQUIPMENT

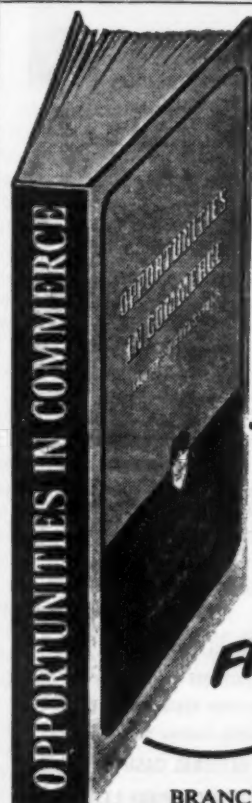
including

S.S. & S.C. AND CAPSTAN LATHES
by "Herbert," "Willson," "Edgwick," "Lang,"
"Lodge & Shipley" and "Dean, Smith & Grace"VERTICAL BORDERS TO 8-FT. DIAMETER
by "Webster & Bennett," "Bullard," "Richards"
and "Pratt & Whitney"HORIZONTAL AND VERTICAL MILLING
MACHINES
by "Archdale," "Herbert" and "Cincinnati"RADIAL, PILLAR AND BENCH DRILLING
MACHINESCYLINDRICAL, SURFACE AND TOOL GRINDERS
by "Landis," "Brown & Sharpe" and "Churchill"

SLOTING AND POLISHING MACHINES
DYNAMOMETERS AND TEST EQUIPMENT
BANDSAWS PLANERS SAW BENCHES
HAND AND POWER FOLDING MACHINES
10 "R.B." DIESEL EXCAVATOR
AIR COMPRESSORS SPOT WELDERS
MOBILE AND OVERHEAD TRAVELLING CRANES
LORRIES, VANS AND CARS
CYLINDER BORING BARS VALVE REFACERS
600 TONS OF COPPER, MANGANESE, MALLEABLE
AND STEEL SCRAP
ENGINEERS' SMALL TOOLS AND EQUIPMENT

Catalogues (when ready), price 6d. each, may be obtained of:

Messrs. JOSOLYNE, MILES & CO., Chartered Accountants, 28 King Street, Cheapside, London, E.C.2, and of
Messrs. HENRY BUTCHER & CO., Auctioneers, Valuers & Surveyors of Factories, Plant & Equipment, 73 Chancery Lane,
London, W.C.2. Telephone: HOLborn 8411 (eight lines)

**PASS YOUR EXAMINATIONS
AT THE FIRST ATTEMPT****FREE 136-page Guide to professional careers tells you how**

You CAN bring much nearer 'the great day' when you proudly write some letters after your name. You can save many hours of work and enjoy your preparation if you put yourself in the capable and friendly hands of the School of Careers.

We definitely Guarantee
NO PASS — NO FEE
to every candidate who completes the course

... and we give you this guarantee in writing. If on completion of the course you do not pass your examination at the first attempt it will not cost you a penny in tuition-fees. Full details of the unique S.O.C. Simplified Study system and a superb range of guaranteed Postal Courses are given in our informative 136-page Guide *Opportunities in Commerce and the Professions*. Send for your copy today—FREE and without obligation.

136
Page
Guide
FREE

- * Modern, streamlined methods . . . you learn the fast way and make astonishing progress.
- * Courses based on standard text-books . . . brilliant time-saving lessons and Model Answers.
- * Begin at any stage you like . . . from the 'ABC' of each subject if you wish.
- * We provide all necessary text-books which remain in your own property.
- * Moderate fees payable by small monthly sums. Written guarantee.

GUARANTEED COURSES FOR ALL MAJOR ACCOUNTANCY EXAMINATIONS

Please state subject or examination of interest.

School of Careers

135, College House, Kensington, London W.8

BRANCHES: Canada, Australia, South Africa, India, Ceylon, Kenya, Rhodesia, West Indies, U.S.A., Israel



Council had badgered the Minister of Housing and Local Government for what it thought was the best form of overspill arrangement: a new town. Unfortunately London had not so far seen fit to agree.

Secondly, the Council had had intensive discussions under the "expanded towns" procedure. Local authorities anxious to have Birmingham's overspill population wanted an assurance that industry would move to them as well, but the law was such that Birmingham could give no assurance.

It would be debatable for some time whether or not Birmingham could afford to grow larger. He had a great deal of sympathy with those who felt that the city had reached its extent, and that some arrangement should be made for the overspill population.

Dr. R. S. Aitken, M.A., D.Phil., LL.D., F.R.C.P. (Vice-Chancellor of the University of Birmingham) proposed the toast of the Institute of Chartered Accountants in England and Wales. His impression of accountants, he said, was that they were more or less self-selected as boys who were good at figures and addicted to accounts.

Accountants now seemed to be doing less and less in the way of adding up columns of figures, and to be having recourse to adding machines, or even to much more elaborate accounting machines, where the whole batch of figures emerged from the machine after some mechanical manipulation. Soon it would begin to dawn on people in charge of schools that there was no need for people to add up correctly—the machines would do it all—and arithmetic would not be taught in schools. Then it would no longer be necessary to sort out the boys who could do arithmetic, and there would be no more accountants for accountancy. He did not know what the answer was to that.

Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales), responding to the toast, observed that with an increase in membership of the Institute from some 20,000 to 31,000 members in a year, and with 10,000 registered students, immense changes had taken place during his two years as Vice-President and President. The administrative work involved in the integration scheme had been vast, and naturally office accommodation had been and still was a problem. The staff at Headquarters had, however, done a wonderful job in spite of much illness.

As organisations went, the Institute was young. At December 31, 1888, the membership was 1,576, and thirty years ago, when the last Autumn meeting was held in Birmingham in 1928, it was only just over 8,000. In those days with a smaller membership Autumn meetings could be held in the Midlands, but, alas, Birmingham could no longer provide the necessary facilities.

Mr. Barrows spoke as the third Birmingham member to be President of the Institute. The late Mr. W. N. Fisher, who became Sir Walter Fisher, was the first, in 1901. The second was the late Mr. A. H. Gibson, who became President in 1916 and

was the grandfather of one of his (Mr. Barrows's) partners, Mr. K. J. Milligan.

He believed that both Sir Walter Fisher and Mr. Gibson had much to do with the formation of the University of Birmingham, and their Society had maintained a close association with it. The late Lord Plender received an honorary degree in 1927, and he himself was deeply conscious of the honour accorded to him and to the accountancy profession when he was invested with the honorary degree of Doctor of Laws last July.

Dr. Aitken was a great Vice-Chancellor in a long line of most successful leaders. He did much travelling abroad—but how natural for a Rhodes scholar—and he was now chairman of the Committee of Vice-Chancellors, which meant that he is No. 1 of the academic world.

Mr. Barrows added that the founder of his firm, who started in practice in 1867, was President of the Birmingham Society when the original library in Newhall Street was opened, and his son—Gerald Howard Smith, his own first senior partner, who was living in retirement in Devon—was President when the premises in Eden Place Chambers were opened. In Keith Feiling's *Life of Neville Chamberlain* it was stated that when Neville was nineteen he was apprenticed with Howard Smiths, Chartered Accountants, and "did well so that the firm offered him a permanent opening, but his father had other ideas." It was interesting to speculate on what might have happened.

The Birmingham Society had been fortunate over the years in having men who were prepared to do much in the service of the public. Its present President, Mr. Dennis Dodd, was having a most successful year.

Mr. Tom Hamilton Baynes and Mr. Leech were doing excellent work on the Council. It was appropriate to record that two of the five industrial members on the Council—Mr. Fea and Mr. Stanley Dixon—were members of the Birmingham Society. They all gave splendid service.

Mr. Denis F. Dodd, T.D., F.C.A. (President of the Birmingham and District Society) proposed the toast of the guests, and a response was made by Sir Arnold H. S. Waters, V.C., C.B.E., D.S.O., D.L., J.P.

The Hydra-headed Institute

THE CHESTER AND North Wales Branch of the Liverpool Society of Chartered Accountants held its annual dinner at the Blossoms Hotel, Chester, on March 20. Mr. Hugh Aldred, M.A., F.C.A., presided, and the company included Mr. G. Burkinshaw (Town Clerk of Chester); Mr. P. F. Granger, F.C.A. (a member of the Council of the Institute of Chartered Accountants in England and Wales); Mr. Eric Bradshaw

(managing director and secretary of North Western Farmers Ltd.); Mr. J. F. Allan, F.C.A. (President of the Liverpool Society of Chartered Accountants); Mr. E. A. Harris (President of the Chester and North Wales Incorporated Law Society); and other representatives of professional bodies and the Inland Revenue.

Mr. Gerald Burkinshaw (Town Clerk of Chester), proposing the toast of the Institute of Chartered Accountants in England and Wales, said that since double-entry book-keeping came upon the scene—allegedly in the 15th century—figures had been made to mean exactly what people wished them to mean. (*Laughter.*) As one who was 25 per cent. lawyer and 75 per cent. administrator, he regarded the profession of accountancy with the respectful admiration which the mysteries it practised deserved. He also regarded accountants, on behalf of his own professional brethren in legal private practice, with a certain amount of envy. Solicitors were restrained in what they could charge clients by solicitors' remuneration orders, but accountants were inhibited only by their universal knowledge of the contents of their clients' pockets. (*Laughter.*) He thought nothing could surpass the delicate irony of what was said about the accountancy profession in *Chambers's Encyclopaedia*: "Were it not for one problem, many businessmen would, rightly or wrongly, content themselves with much less accountancy. That problem is how to satisfy the income tax authorities."

But he said he would like to pay tribute to the accountancy profession because he was quite sure that no profession did more to ensure the sound economy of British business and industry. Without sound accounting, not only in commerce but in industry, there could be no stability and indeed no honesty and no probity. Accountancy was, indeed, a great, honourable and noble profession.

Mr. P. F. Granger, F.C.A. (a member of the Council of the Institute), who responded, said the past year had been "quite a year" in the history of the profession. As a result of integration, the membership of the Institute had risen to over 31,000. In 1948 the figure was 14,000. The Institute had certainly moved. In addition, the field of its activities had widened considerably since integration. It now had many more members in industry and was represented in a fairly hefty way in the municipalities. The Institute had become "hydra-headed."

Local branches could help enormously in the work which lay ahead. The present was a time in which several new problems were arising to be dealt with. No one had yet decided what profit really was, and he supposed that sooner or later a decision would have to be reached. It meant that every one would have to do a lot of work, and that was where the branches could play their part.

Mr. G. R. Hargreaves, F.C.A., proposed the toast of the guests, and Mr. Eric Bradshaw (managing director and secretary

of North Western Farmers Ltd.) responded in an amusing speech.

Mr. J. F. Allan, F.C.A. (President of the Liverpool Society), proposing the toast of the Chester and North Wales Branch of the Liverpool Society of Chartered Accountants, said it was the oldest of the Liverpool Society's progeny. They in Liverpool did not look to their branches to follow them blindly. They were always glad to have their ideas and even their criticisms—because it was only by careful consideration of the widely divergent conditions in the Society's area that they could hope properly to fulfil their function.

The chairman, Mr. Hugh Aldred, M.A., F.C.A., responded.

A pleasing part of the proceedings was the presentation by Mr. Aldred of the Branch prizes to students successful in the recent examinations—Mr. James Hughes and Mr. J. A. Hollins.

Automation for the Human Race

THE NORTH LANCASHIRE Branch of the Manchester Society of Chartered Accountants held its annual dinner on March 13 in the Imperial Hotel, Blackpool. Mr. W. Hare, F.C.A. (Chairman of the Branch) presided, and the guests included: Mr. Ernest C. Lee (Town Clerk of Blackpool); Sir William Carrington, F.C.A. (past President of the Institute of Chartered Accountants in England and Wales); and Mr. Alan Green, M.P. (Member of Parliament for Preston).

Mr. Ernest C. Lee (Town Clerk of Blackpool), proposing the toast of the Institute of Chartered Accountants in England and Wales, said that members of the Institute had achieved a unique reputation throughout the world. The designation Chartered Accountant had become the hallmark of professional integrity.

Sir William Carrington, F.C.A. (past president of the Institute), in response, said that Blackpool drew its sustenance from the industrial north. Whatever London might think, the industrial north was the more important part of the country, because this country must live by exports.

The date was approaching when the Chancellor of the Exchequer must introduce his Budget. Harlotry and taxation were two of the oldest evils of the world. Man being what he was and Governments being what they were, the two would be with us as long as man continued. (*Laughter.*)

What was needed at present was a lightening of the tax burden in two directions—to assist consumption, and to assist capital development here and overseas in order to give an uplift to industries engaged in the construction of capital equipment.

He would like the Chancellor to be bold and take a shilling off the income tax, to reintroduce investment allowances, to help

the textile trade and to make a substantial reduction in purchase tax.

The Institute was much concerned with technical research and development, particularly in the sphere of management accountancy. He had seen many systems of accounting and automation throughout the world. The two most efficient applications of automation and electronic computers he had ever seen were in the widely diverse businesses of Krupps in Western Germany and Lyons at Cadby Hall. As time progressed, he thought businesses in this country would find, as the Americans were finding, that in automation they had a tool or aid to the enhancement of the standard of living of the human race. Unless that enhancement could be secured, not only for the people of this country but for those of India, Russia and China, the outlook for the human race was pretty grim.

Mr. W. Hare, F.C.A. (Chairman of the Branch) proposed the toast of the guests in a lighthearted speech.

Mr. Alan Green, M.P., in response, said he hoped the Chancellor of the Exchequer would find himself able to simplify the very complicated tax system and to reduce the weight of direct taxation.

The only way a higher standard of living could be obtained for people in this country was by earning more of the other fellow's money abroad. This should be done in such a way that the other fellow's earning capacity was progressively increased, so that each year there was still more money to be earned.

Manchester Students' Dinner

THE MANCHESTER CHARTERED Accountants' Students' Society held its annual dinner at the Midland Hotel, Manchester, on March 5. The chair was occupied by Mr. F. C. Hoyle, B.A., F.C.A., President of the Students' Society, who proposed the toast of H.M. The Queen, Duke of Lancaster.

Mr. L. F. Behrens, M.COM., C.B.E., J.P., proposing the toast of the Institute of Chartered Accountants in England and Wales, said he had an enormous admiration for the profession because the amount of money that accountants had saved him was out of all proportion to the modest charges they made. Accountants were the custodians of one of the fundamental inventions with which man had endowed his existence, an invention which ought to rank with the wheel and the textile industry—the system of double entry.

In the old days accountants were the handmaids of industry and commerce. Now they were the nursemaids, taking them by the hand and leading them across the tangled maze of taxation traffic—safely, he hoped—to the other side.

It was a tragic consequence of our system of taxation that companies which used to direct their policy to producing and

supplying the goods they thought would sell were now tempted to direct it in such a way that the burden of taxation should be less than they feared it might be. This change was not a good thing. When taxation was less complicated accountants would revert to being handmaids and not nursemaids, and would find life much easier.

Mr. P. F. Carpenter, F.C.A. (a member of the Council of the Institute), responding, conveyed greetings and good wishes from the President, who had unfortunately not been able to attend.

Mr. Carpenter said he knew why he had been invited: he was chairman of the Examination Committee of the Institute, and perhaps the Manchester Committee felt they should follow the old custom of having a skeleton at the feast—even though nature had not quite fitted him for that position yet.

He denied that the Board of Examiners had recently adopted as its motto those famous words used by Marshal Pétain at the defence of Verdun: *Ils ne passeront pas*. That was quite incorrect.

At times there had been the criticism that papers had been made more difficult year by year. That was not entirely the fault of the examiners. It was the fault of the legislature, and perhaps there were prospects of some modification in the future, which of course would be reflected in the examination papers. At present Mr. Heathcoat Amory was considering a drastic reduction in income tax return forms. It was said that there would be only three questions: What have you got left? Where is it? How soon can we get hold of it?

It was not only in order to pass their wretched examinations that articled clerks had to undergo their period of training. They were serving articles in order to become good chartered accountants, and if they reached that stage the examinations were a mere incident. Although the examinations were by no means easy, a student who planned his time properly over the five years would have the time to broaden his education by supporting the activities of the Students' Society. It was not everyone who could become an accomplished speaker, but there was no doubt that it was valuable to learn the art of it.

In the course of their practical studies, they should endeavour to look behind the somewhat soulless figures they had to deal with. They could learn quite a lot if they took an interest in the running of the business whose accounts they were looking at.

Last year the Council took an important step by setting up a committee to go into the whole question of education and training of prospective entrants into the profession. It had invited evidence from a wide sphere, and the mass of information received was almost frightening. It was the most complete examination that had been undertaken for fifty years and the committee was determined to make a good thing of it. It would be improper for him to forecast what might emerge, but he could say that in



GUARDIAN

ASSURANCE COMPANY LIMITED

(Established 1821)

Life Policies arranged to meet individual requirements in connection with Estate Duty, Settlements, Gifts *inter vivos*, Partnerships, etc.

Attractive terms for all classes of Life Assurance and Pensions

Head Office: 68 King William St., London, E.C.4
Telephone Number: MINcing Lane 2555

E. IRVINE HALLAS, A.C.A.

91 HARBOUR RD., WIBSEY, BRADFORD

INSTITUTE AND SOCIETY EXAMS.

Expert postal and oral tuition, based on 30 years' experience in preparing candidates for these Exams. Painsstaking criticism and marking of work and prompt return of all papers is guaranteed. Moderate Fees. Tuition adapted to meet precise personal needs of each candidate. Copies of over 900 signed letters received from past students will be sent on request.

KING'S DETECTIVES

Confidential Investigations in Civil, Criminal, Commercial, and Personal cases. Surveillance discreetly effected. Internal Larcenies and cases of Fraud and Embezzlement investigated. Financial Inquiries and Investigations in Bankruptcy cases undertaken. Questioned Documents examined. Persons Traced.

W. J. KING'S DETECTIVE BUREAU LTD.

CHANCERY HOUSE, 53/64 CHANCERY LANE, LONDON, WC2

HOLborn 0343/2860

Telegrams:
Kingtex, Westcent, London

IN AN ANSON OFFICE —

New Machine

ELIMINATES MISTAKES

halves P.A.Y.E.

work preparation

Banish the time wasting costly drudgery of making useless repetitive entries in **Wages Book, Taxcards, Payslips and Wages Envelopes**. Essential entries for each employee are completed in one operation with no risk of transcription errors with the Anson P.A.Y.E. Machine. **One entry only** for three records means one single proof only for 100 to 1,000 employees to ensure accuracy. Any wages clerk can use the Machine without special training.

The Anson Payroll Machine has the approval of the Inland Revenue and is suitable for any firm employing more than sixteen people. It costs less than a typewriter. Rental terms if required.

One Anson machine will do in one day as much as three wages clerks in one week CORRECTLY.

Your Accounts Department can use the ANSON MACHINE too, producing Statements, or Remittance Advice, Ledger Accounts and Day-book in one operation.

1959 ANSON PAYROLL MACHINE INQUIRY FORM		Please pin completed form to your letter heading and post to GEORGE ANSON & CO. LTD. Solway House, Southwark Street, London, S.E.1. Telephone: WATERloo 2711 (10 lines) A
Please send full details of the Anson Payroll Machine without obligation.		
Name	Title	
Company		
Address		
No. employed		
Telephone No.		



CHRISTIE & CO.

Estate Offices:

*London &
Home Counties* 7 BAKER STREET
LONDON W.1
Tel. WELBECK 0022

Sussex 15 PALMEIRA MANSIONS
HOVE
Tel. 38936

*Hampshire &
South West* JACEY HOUSE
THE LANSDOWNE
BOURNEMOUTH
Tel. 7247

*Devon &
West Country* ST. STEPHEN'S HOUSE
CATHERINE STREET
EXETER
Tel. 59371

BUSINESS AGENTS

FOR STUDENTS

HOLIDAY IN PARIS

Daytime travel by air

Hotel in Centre

Recommended by Thos. Cook & Son

Travellers met on arrival

8 DAYS from £10 10s.

write for particulars to

CHARTERED ACCOUNTANT
STUDENT FLIGHTS

21 Heath Street, London, N.W.3

SALES ANALYSIS

There are many methods of analysis available to executives but the qualities they look for must surely be promptness, accuracy, cheapness and flexibility.

These qualities are bound to suffer strain especially where there is a variation in the load of work, as with a seasonal trade.

That is why so many businesses send such work to MADIC, thus ensuring a regular timetable irrespective of load, complete accuracy, and a cost not only calculated in advance, but varying with the load.

A single initial effort on the part of a senior executive to define his requirements enables our expert planners to do the rest.

MADIC LIMITED

*Mechanised Tabulating
Service of Windsor ...*

11-13 Ridgmount Street, W.C.1.

Telephone: Langham 3688

any recommendations that were made, the committee would have in mind upholding the prestige and tradition of the Institute.

Mr. G. D. Ashcroft, A.C.A., proposed the toast of the Manchester Chartered Accountants' Students' Society. He said that there had been an increase of 36 per cent. in the overall membership during the past year. There were 729 ordinary members at the beginning and 1,059 at the end of the year, and the increase in honorary members was from 348 to 364. He hoped the members would use the Society as a reservoir of technical education, and get the benefit of the corporate life of such a body.

Mr. F. C. Hoyle, B.A., F.C.A. (President of the Students' Society), in his response, said that one of the aims of the Society was to provide opportunities of meeting senior members of the profession, solicitors, Inspectors of Taxes and others. Membership would lead to enduring friendships. Students who served on the committee and sub-committees made a valuable contribution which was both stimulating and useful.

The toast of the guests was proposed by Mr. H. M. C. Allen and acknowledged by Mr. Netar P. Mallick, B.Sc. (President of the Manchester University Union).

Dickerland

THE ANNUAL DINNER of the East Anglian Society of Chartered Accountants was held at Samson and Hercules House, Norwich, on March 20. The President, Mr. D. H. Smith, A.C.A., presided, and the guests included the Lord Mayor of Norwich (Councillor Norman A. Tillett, M.A., LL.B.); the Sheriff of Norwich (Councillor C. W. King); His Honour Judge Carey Evans; Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales); and Mr. F. R. D. Walter (Official Receiver in Bankruptcy).

His Honour Judge Carey Evans proposed the toast of the Institute of Chartered Accountants in England and Wales. Members of the Institute, he said, in the comparatively short period of eighty years since its foundation, had established so high a standard of professional integrity that their profession was second to none in the world.

Mr. W. L. Barrows, LL.D., J.P., F.C.A. (President of the Institute of Chartered Accountants in England and Wales) responded. He observed that this was the Silver Jubilee year of the East Anglian Society. He and many members of the Council thought of East Anglia as Dickerland. Mr. Arthur Dicker served as a member of the Council from October, 1939, until August last year—a memorable period, of which the highlight was his year as President in 1956/57. When he (Mr. Barrows) went on to the Council in 1941, Mr. Dicker went out of his way to help the new boy, and Mr. and Mrs. Dicker were always most kind and encouraging to him and to Mrs. Barrows. Mr. Barrows con-

gratulated Mr. Goult, of Harwich, on his election to the Council.

He congratulated the East Anglian Society on the establishment during the year of Branches at Cambridge, under the chairmanship of Mr. Myers, and in the Ipswich/Colchester area, under the chairmanship of Mr. Bland.

He was glad to say that the Secretary of the Institute, Mr. Alan MacIver, was now fully restored to health. Mr. MacIver had, however, been unable to attend that evening, but Mr. Loveday was there in his place.

In a few weeks' time members would be receiving the annual report and in due course the proposals of the Council in regard to Fellowship. This problem had been a thorny one for years. The resolutions to be put forward were naturally in the nature of a compromise, but he hoped they would meet with general approval.

The accountancy profession must not stand still or stagnate. In years gone by their predecessors showed great wisdom in the leadership which they gave. The future rested in the hands of the young people, and that was why the Council had appointed what had become known as the Parker Committee to consider the whole problem of education and training. They had a heavy task but one that was vitally important.

Complaints came in from time to time of delay by accountants in completing their work. He hoped and believed that those complaints were not generally justified. He did not need to remind them that it was vital for accounts to be completed promptly if they were to be of real value to clients.

Members had recently received much homework in the form of the *Members' Handbook* and the new recommendations. He hoped that they were appreciated and would be found to be of increasing value.

Mr. C. H. Sutton, F.C.A. (Vice-President of the East Anglian Society) proposed the toast of the guests, to which a response was made by Mr. F. R. D. Walter (Official Receiver in Bankruptcy).

Mr. A. E. Shaw, F.C.A. (immediate past President of the East Anglian Society) proposed the toast of the East Anglian Society of Chartered Accountants.

Mr. D. H. Smith, A.C.A. (President of the Society), in his response, spoke of the many services rendered by Mr. A. S. H. Dicker, M.A., F.C.A., over the past twenty-five years. On behalf of past and present members of the committee, from which Mr. Dicker recently retired, Mr. Smith presented him with a silver rose bowl.

Chartered Accountants' Benevolent Association

AT A RECENT meeting of the Executive Committee, Sir William Carrington, F.C.A., the President of the Association, and nine members were present.

Applications for Assistance

Five new applications for assistance were

considered. In one case a grant was made for one year; a donation was given as a temporary measure in three cases and in the fifth case consideration was deferred.

Applications for further assistance

Twenty-one cases for further assistance were considered. In ten cases the grant was renewed; in seven cases the grant was increased; in three cases the grant was reduced owing to improved circumstances and in one case consideration was deferred.

Special fund

One application for further assistance was considered and the grant renewed.

Matters reported

The Hon. Secretary reported changes in the circumstances of ten beneficiaries during the last quarter and grants were adjusted in appropriate cases. In two cases circumstances had so improved that assistance was no longer necessary.

Scale of relief

The sub-committee appointed by the Executive Committee to review the basis on which relief is granted presented its report. The Executive Committee decided to adopt the recommendations of the sub-committee, which involve in most cases increases in the grants which should enable the beneficiaries to maintain a reasonable standard of living. The cost of these increases is estimated to amount in a full year to nearly £5,000.

Union of Chartered Accountant Students' Societies

AT THE INVITATION of the Council of the Institute, the annual meeting was held on March 17 between certain members of the Council and the Liaison Committee appointed by the Union at the Students' Societies conference held last December. The members of the Council present were the President and Vice-President and the Chairman of the Articled Clerks, Examinations and General Purposes Committees. The Liaison Committee consisted of six students and the Chairman and Secretary of the Union. Officials of the Institute dealing with students' matters were also present.

In a free and frank discussion many subjects of current importance were considered relating to the work of students' societies, various aspects of the training of articled clerks and the examinations. Some of the points raised were dealt with at once. Others will be referred to the appropriate committees of the Council for further consideration.

Both the members of the Council and the students felt strongly that these annual meetings, at which personal views are exchanged in an entirely unofficial and informal atmosphere, are a most valuable channel for the development of constructive suggestions concerning matters

which are of importance to article clerks.

After the matters referred have been considered by the Council and its Committees, the Council will issue to students' societies, through the Union, a statement on the meeting.

District Societies

CHESTER AND NORTH WALES BRANCH

THE FOLLOWING OFFICERS for the year 1959 have been elected: Chairman, Mr. Hugh Aldred, M.A., F.C.A.; Vice-Chairman, Mr. T. Sarl Williams, A.C.A.; Hon. Secretary, Mr. P. G. Lane, A.C.A.; Hon. Treasurer, Mr. G. R. Hargreaves, F.C.A.; Hon. Auditor, Mr. J. W. Aldred, M.C., F.C.A.

Mr. J. G. Raymond, A.C.A., was elected, and Mr. G. R. Hargreaves, F.C.A., and Mr. Guy Walmsley, A.C.A., were re-elected, to serve on the Committee.

GRIMSBY AND NORTH LINCOLNSHIRE BRANCH

THE ANNUAL MEETING of the Branch was held on March 16. The report and accounts were adopted.

The following officers were elected: President: Mr. A. A. Beardsall, F.C.A.; Chairman: Mr. L. S. Wrightson, A.C.A.; Vice-Chairman: Mr. D. L. Stevenson, A.C.A.; Hon. Treasurer: Mr. A. Buckton, A.C.A.; Hon. Secretary: Mr. W. S. Warrs, A.C.A.; Hon. Librarian: Mr. G. D. Falconer, A.C.A.; Deputy Chairman: Mr. M. G. Bain, F.C.A. Elected members of the Committee: Mr. T. B. Campsey, A.C.A., Mr. J. Fitton, A.C.A., Mr. J. R. Gregory, A.C.A., Mr. W. McWilliam, A.C.A., Mr. R. A. Steele, A.C.A.; Mr. G. R. Watson, A.C.A.; Mr. W. B. Wroot, F.C.A. Hon. Auditor: Mr. D. S. Garrs, A.C.A.

Report

The membership at December 31, 1958, was 85, compared with 59 a year earlier. In addition there are three honorary members (Scottish Institute).

Nine meetings were held in addition to the annual dinner. This year the Branch organised the golf competition for the J. J. Campbell Cup.

Members of the Branch have been actively engaged on the committee of the Students' Society.

The Committee congratulates T. C. Moss on being placed equal second and sharing the Walter Knox Scholarship in the November Final examination.

LEEDS, BRADFORD AND DISTRICT

THE FOLLOWING OFFICERS and Committee have been elected for 1959/60: President, Mr. H. L. Simpson, F.C.A.; Vice-President, Mr. Rupert Walton, F.C.A.; Hon. Treasurer, Mr. W. W. Powell, F.C.A.; Hon. Secretary, Mr. G. D. Paterson, M.A., F.C.A.; Hon. Auditor, Mr. G. R. Turner, M.A., F.C.A.

Committee: Mr. C. W. Allan, B.COM, F.C.A., Mr. H. H. Blackburn, F.C.A., Mr. H. Bolton, F.C.A., Mr. C. W. Boyce, C.B.E., F.C.A., Mr. J. S. Brearley, A.C.A., Mr. D. L. Crow, A.S.A.A., Mr. F. Dean, F.C.A., Mr. P. H. Dobson, J.P., F.C.A., Mr. W. N. Herald, F.C.A., Mr. T. W. Hibbert, A.C.A., Mr. G. N. Hunter, J.P., F.C.A., Mr. L. W. Hustwick, F.C.A., Mr. E. R. Longman, F.C.A., Mr. C. D. North, F.C.A., Mr. G. D. Paterson, M.A., F.C.A., Mr. J. J. Penny, F.C.A., Mr. W. W. Powell, F.C.A., Mr. L. Rank, F.C.A., Mr. W. A. Rawlinson, F.C.A., Mr. C. Simpson, A.C.A., Mr. H. L. Simpson, F.C.A., Mr. J. L. Simpson, F.C.A., Mr. S. Snowball, F.C.A., Mr. B. C. Stead, F.C.A., Mr. D. Steele, F.C.A., Mr. E. Sugden, F.C.A., Mr. G. Tattersall-Walker, A.C.A., Mr. D. T. Veale, M.A., F.C.A., Mr. R. S. Wainwright, M.A., F.C.A., Mr. Rupert Walton, F.C.A., Mr. G. D. Warrington, B.SC.(ECON.), F.C.A., Mr. G. A. Windsor, F.C.A.

LONDON

Oxford Chartered Accountants' Group

MR. F. CLIVE DE PAULA, T.D., F.C.A., gave a most interesting talk on March 4 on "The Impact of Electronic Computers on the Accountancy Profession." This was followed by a lively discussion on what an electronic computer could and could not do and the dangers confronting the auditor in the electronic age.

MANCHESTER

THE NEW HALL of the Manchester Society of Chartered Accountants, on the ground floor at 46 Fountain Street, Manchester, will be formally opened by the President of the Manchester Society, Mr. A. H. Walton, F.C.A., at the annual general meeting on May 1 at 5.45 p.m.

The hall, accommodating 120 people, and an ante-room with direct access to the platform, may be hired for meetings.

SOUTH LANCASHIRE BRANCH

THE ANNUAL GENERAL meeting of the South Lancashire Branch of the Liverpool Society of Chartered Accountants was held at Wigan on March 11. The following officers were elected for the ensuing year: Chairman: Mr. L. A. Pardey, J.P., F.C.A.; Vice-Chairman: Mr. J. W. Cook, M.A., LL.B., A.C.A.; Honorary Secretary: Mr. E. S. Stanley, A.C.A.; Honorary Treasurer: Mr. S. Dobb, A.C.A.

The annual dinner was held later the same evening. The Branch Chairman, Mr. L. A. Pardey, J.P., F.C.A., together with Mr. J. Howard Bell, B.A., F.C.A., representing the Institute of Chartered Accountants in England and Wales, received about 100 members and guests.

Among those present were Mr. J. Latham, C.B.E., A.C.A. (Deputy Chairman of the National Coal Board); Mr. J. F. Allan, F.C.A. (President of the Liverpool Society of Chartered Accountants); Mr. J. R. Blundell (Chairman of the Wigan Branch of the Institute of Bankers); Mr. J. Hopwood Sayer, M.B.E. (Past President of the Wigan

Law Society); Mr. E. Raspin and Mr. J. G. Morris (H.M. Inspectors of Taxes, Wigan); Mr. J. Ainsworth, M.B.E., M.COMM., F.S.A.A. and Mr. G. F. Saunders, F.C.A. (members of the Council of the Institute); Mr. S. Morris, F.C.A. (Secretary of the Liverpool Society of Chartered Accountants); Mr. H. Aldred, M.A., A.C.A., and Mr. P. G. Lane, A.C.A. (Chairman and Secretary of the Chester and North Wales Branch of the Liverpool Society of Chartered Accountants).

Students' Societies

LEICESTERSHIRE AND NORTHAMPTONSHIRE

MR. C. R. HILTON has resigned the office of secretary and is succeeded by Mr. M. A. Chamberlain. The address is unchanged.

Report

The membership is 85 honorary and 334 ordinary. The absorption of nearly 200 students of the Society of Incorporated Accountants was completed during the year.

Twelve lectures were arranged. It seems that general subjects are more popular than examination syllabus lectures. Saturday morning lectures were not well attended and will be discontinued. There was a very successful visit to the Coventry works of Standard Motors.

The first residential course of the Sheffield and District Society and the North Lincolnshire Society, held at Buxton in the autumn, was an unqualified success.

Sporting events included cricket, tennis, golf, hockey, rugby and soccer.

The President and Secretary of the Institute visited the students in October.

During the year fifteen members passed the Final and twenty-seven the Intermediate examination of the Institute; eight passed the Final and fifteen the Intermediate of the Society.

Northampton lectures have been well attended. A group was formed in Peterborough.

The committee records its appreciation of the services of J. P. Cunningham and R. K. Hawkins, who resigned the positions of secretary and treasurer respectively.

LIVERPOOL

THE FOLLOWING OFFICERS have been elected for the year 1959/60: President: Mr. J. S. Ellison, M.A., A.C.A.; Vice-Presidents: Mr. J. A. Colvin, F.C.A., Mr. A. Green, A.C.A., Mr. N. G. Willis, F.C.A.; Hon. Treasurer: Mr. R. B. Ellison, B.A.; Hon. Secretary: Mr. M. R. T. Sills; Hon. Auditors: Mr. F. D. M. Lowry, A.C.A., and Mr. M. S. Moon, A.C.A.

LONDON

News from the Committee

AT ITS MARCH meeting the Committee elected Mr. M. W. Russell to be Chairman in succession to Mr. B. M. O'Regan, who was sincerely thanked for his year's work.

Mr. R. E. J. Fisher was elected Vice-Chairman.

Mr. R. P. Matthews, B.COM., J.P., F.C.A., who has recently been elected a member of the Council of the Institute, has tendered his resignation after six years as Honorary Treasurer and on the Committee. Mr. W. K. Wells, B.A., F.C.A., has kindly agreed to allow his name to go forward for this office at the annual general meeting on April 27.

Courses and Meetings

On February 23 a Whole-Day Course, which included a demonstration of mechanised accounting, was attended by 111 members.

Nearly forty members who passed their Final examination last November met members of the District Society Committee at the recent newly-qualified members' tea.

Meetings for a buffet lunch at very reasonable cost are still held on the first Monday in the month between 12.30 and 2 p.m. at Incorporated Accountants' Hall. All members are welcome and members of the Committee will be present.

Sir Harold Howitt's Prize

Three members tied for this prize in the November examinations: D. J. King, D. S. Nalkin, T. P. Malone.

Review of Articles

At about quarterly intervals ACCOUNTANCY will publish a note setting out a list of articles of special interest to students which have appeared in the previous months.

Library

The Library is faced with a demand for *Examination Questions and Answers on Bankruptcy* by Byrne, which is out of print. We should be glad to hear from members who have a copy of this book which they no longer require, at the Library, Spencer House, South Place, E.C.2.

Sports

We were successful in beating Birmingham Students' Society in both hockey (3-0) and rugby (18-3); though we lost the rugby match against the Irish Chartered Accountants and artied clerks (13-9). Both squash matches were won: Lloyds Underwriters (3-1), Old Harrovians (4-1).

LONDON AND NOTTINGHAM

LONDON STUDENTS DEFEATED Nottingham students 3-0 in a hockey game played at Fairlop on March 19.

OXFORD

OFFICERS AND COMMITTEE members have been elected as follows: President: Mr. J. F. Ray, F.C.A.; Life Vice-President: Mr. H. S. Critchley, F.C.A.; Vice-President: Mr. F. G. Harris, F.C.A.; Hon. Secretary: Mr. S. W. Treadgold; Hon. Assistant Secretary: Mr. R. H. Hill; Hon. Treasurer: Mr. D. E. Wilkins; Hon. Librarian: Mr. R. R. Stand. Committee: Mr. O. B. T. Bennett, F.C.A., Mr. H. J. Impey, F.C.A., Mr. D. Jackson, Mr. J. A. Kingham, Mr.

D. E. Mitchell, Mr. R. B. Roberts. Hon. Auditors: Mr. G. B. Watson, F.C.A., and Mr. J. A. V. W. Jayakar.

Report

Integration has gone through very smoothly. Membership has increased to 108—41 honorary and 67 ordinary members.

Nine lectures were held. The innovation of one and half-day pre-examination lectures was found beneficial.

Five members were successful in the Final and eight in the Intermediate examination.

About 20 members accepted the invitation to join the London Students' Society week-end course at Balliol College.

A dinner was held at Hertford College.

Forthcoming Events

BRIGHTON

April 30.—Annual general meeting of South Eastern Society, followed by talk on "Practical Aspects of Farm Management and What I Expect from my Accountant," by Mr. E. P. Day a past Chairman of the Kent Farmers' Union. Hotel Metropole, at 3.30 p.m.

BRISTOL

Members' Meeting

May 21.—Members' meeting. Assize Courts Hotel, Small Street, at 6.30 p.m.

Students' Meetings

All meetings will be held in Room 28, Main Building, University of Bristol.

April 24.—"Consolidated Accounts," by Mr. K. S. Carmichael, A.C.A. Final students' lecture, at 3 p.m.

May 1.—"An Executor's Accounts," by Mr. A. C. C. Oddie, F.C.A., and "Taxation—Schedule D, Cases I and II," by Mr. J. M. Higginson, F.C.A. Intermediate students' lectures, at 3.45 and 4.45 p.m.

May 8.—"Profits Tax including transitional provisions of the F.A. 1958," by Mr. D. W. S. Trenfield, B.SC.(ECON.), A.C.A., and "Capital Allowances," by Mr. H. P. Lawrence, F.C.A. Final students' lectures, at 3.45 and 4.45 p.m.

COVENTRY

April 20.—"Economic Effects of the Budget," by Mr. A. R. Ilersic, M.SC.(ECON.), B.COM. Students' meeting. "Golden Cross," Hay Lane, at 6 p.m.

GRIMSBY

April 20.—Members' luncheon meeting. Mr. D. L. Stephenson, A.C.A., will lead a general discussion on the Budget proposals. Royal Hotel, at 1 p.m.

HASTINGS

Students' Meetings

Students' meetings are held at the Chatsworth Hotel, Carlisle Parade, at 10.45 a.m.

April 18.—"The Accounting Provisions of the Companies Act, 1948," by Mr. R. J. Carter, B.COM., F.C.A.

April 25.—"Auditing," by Mr. R. S. Waldron, F.C.A.

HULL

May 4.—Members' luncheon meeting, followed by a discussion on the Finance Act, 1959, led by Mr. H. C. Shaw, A.C.A. New Manchester Hotel, George Street, at 1 p.m.

KINGSTON-ON-THAMES

May 4.—Meeting of the South-West London Discussion Group. The Kingston Hotel, Wood Street, at 6.45 p.m.

LEEDS

April 22.—"Banking, Money Market and Current Financial Topics," and "Some Aspects of Company Law," by Mr. C. R. Curtis, M.SC., PH.D., F.C.I.S. Students' meeting. Great Northern Hotel.

April 27.—Members' luncheon meeting. Great Northern Hotel, at 1 p.m.

LEICESTER

May 13.—Annual general meeting of Leicestershire and Northamptonshire Society. Grand Hotel.

LIVERPOOL

April 23.—"Cost Reduction," by Mr. A. V. de Marco, an American consultant of the European Productivity Agency. Members' meeting. The Library, 5 Fenwick Street, at 5.30 p.m.

May 11.—Annual general meeting of Liverpool Society. The Constitutional Club, Tithebarn Street, at 1.45 p.m.

LONDON

April 28.—Meeting of North London Discussion Group. The Mason's Arms, 38 Maddox Street, W.1, at 6 for 6.30 p.m.

May 6.—Annual meeting of the Institute of Chartered Accountants in England and Wales. Hall of the Chartered Insurance Institute, 20 Aldermanbury, E.C.2, at 2 p.m., followed by the annual meeting of the Chartered Accountants' Benevolent Association.

May 6.—Meeting of Taxation Discussion Group. The Cheshire Cheese, 10 Surrey Street, London, W.C.2.

May 13.—Meeting of City Discussion Group. The Cock and Bottle, Laurence Pountney Hill, E.C.4, at 6 for 6.30 p.m.

MANCHESTER

May 1.—Annual general meeting of Manchester Society, followed by formal opening of new Hall by the President, Mr. A. H. Walton, F.C.A. 46 Fountain Street, at 5.45 p.m.

NEWCASTLE UPON TYNE

Members' Meeting

April 24.—Annual meeting of Northern Society. County Hotel, at 12 noon.

Students' Meetings

April 22.—"Overseas Trading Organisations and Double Taxation Relief," by Mr. H. A. R. J. Wilson, F.C.A. Neville Hall, Westgate Road, at 6 p.m.

April 23.—"Executorship—a Writing-up Problem," by Mr. H. A. R. J. Wilson, F.C.A. Neville Hall, Westgate Road, at 2.15 p.m.

NORWICH

April 18.—Annual general meeting of East Anglican Students' Association. Assembly House, at 9.30 a.m.

OXFORD

Students' Meeting

April 18.—Pre-examination lecture course, by Mr. H. E. Applebee. Royal Oxford Hotel, at 9.30 a.m.

PLYMOUTH

April 23.—Members' luncheon and annual general meeting. Duke of Cornwall Hotel, at 1 p.m.

PRESTON

April 25.—Annual general meeting of Preston and District Students' Society. Masonic Temple, Saul Street, at 10 a.m.

SOUTHAMPTON

April 29.—Students' annual general meeting, followed by a talk on "The Uses and Objectives of Taxation," by Mr. K. S. Dibben, A.C.A. Polygon Hotel, at 6.30 p.m.

STOCKTON-ON-TEES

Students' Meetings

Students' meetings are held at the Black Lion Hotel, at 6.15 p.m.

April 21.—"Taxation," by Mr. H. A. R. J. Wilson, F.C.A.

April 28.—Annual general meeting.

SUNDERLAND

April 22.—"Losses," by Mr. H. A. R. J. Wilson, F.C.A. Students' meeting. The Museum Room, Sunderland Technical College, at 2.15 p.m.

WOLVERHAMPTON

April 18.—Annual general meeting of Wolverhampton Branch of Birmingham Students' Society.

April 27.—Annual meeting of Wolverhampton Branch of Birmingham and District Society. Victoria Hotel, at 6 p.m.

Personal Notes

Messrs. Woolley & Waldron, Chartered Accountants, Southampton, have admitted into partnership Mr. P. R. W. Ford, F.C.A. The firm name is unchanged.

Mr. I. D. Edwards, A.C.A., has been appointed to the Board of the Neath Steel & Galvanising Co. Ltd., Neath, as commercial director. He continues also as secretary.

Messrs. Johnson, Murkett & Hurst, Chartered Accountants, Ashby-de-la-Zouch, announce that Mr. Peter Lee, A.C.A., has become a partner. He joined the firm in 1950 as an articled clerk.

Messrs. Frank A. Cooper & Co., London, E.C.2, announce with very deep regret the death on February 21 of their senior partner, Mr. Frank A. Cooper, who was the founder of the firm in 1929. The practice is being continued by the remaining partner, Mr. E. David Bard, F.C.A., under the same name with the present staff.

Cooper Brothers & Co. and Coopers & Lybrand announce that they have taken into partnership in London Mr. T. A. Tansley, A.C.A., and in Sheffield Mr. R. L. Emmitt, A.C.A.

Messrs. Newman, Young & Co., Chartered Accountants, London, W.1, announce that they have admitted into partnership Mr. L. R. Shaw, A.C.A., who has been a senior member of the staff for some years.

Messrs. Hill, Vellacott & Co. and Messrs. Hill, Vellacott & Bailey announce that Mr. S. G. Hillyer, who has been a partner for twenty-four years, has retired from the partnership, but is available as consultant to the firm.

Mr. H. T. Fost, A.C.A., A.C.W.A., has been appointed managing director of A. D. Foulkes Ltd., Birmingham. For the time being he remains secretary of the company.

Mr. H. C. Groen, A.C.A., has been appointed a director of S. Leffman Ltd., Bridgwater.

Messrs. Andreae & Fingland, Chartered Accountants, Nassau, Bahamas, have opened offices in Freeport, Grand Bahama Island, and in Kingston, Jamaica. The resident partner in Jamaica is Mr. G. Trevor Brown, A.C.A.

Messrs. Lubbock, Fine & Co., London, W.C.1, announce that Mr. H. Lubbock, F.C.A., and Mr. R. Lubbock, F.A.C.C.A., have retired from active practice. The remaining partners, Mr. Philip Fine, F.C.A., and Mr. S. Prashker, F.C.A., are continuing the practice.

Mr. R. C. Jenking, A.S.A.A., A.I.M.T.A., has been appointed Treasurer to the Fylde Water Board, Blackpool.

Messrs. Broome, Foxon & Co., Nottingham, announce that Mr. E. P. Broome, F.C.A., has retired from the firm. The practice is being continued from the same address by the remaining partners, Mr. C. M. Foxon, F.C.A., and Mr. R. C. Gratton, A.C.A., under the style of Foxon & Co., Chartered Accountants.

Messrs. Monahan & Co., Chartered Accountants, Swindon, have opened an office at 25 Castle Street, Cirencester. The resident partner is Mr. P. K. Pitt, F.C.A.

Messrs. Impey, Cudworth & Co., Chartered Accountants, Birmingham and London, announce that Mr. J. M. Pitts, A.C.A., has been admitted into partnership. The style of the firm remains unchanged.

Messrs. Turquand, Youngs & Co. and Messrs. Ware, Ward & Co. announce that, whilst continuing their separate practices, they have formed an associated firm under the style of Turquand Youngs & Ware Ward, with principal offices in Bristol and Exeter.

Messrs. W. Bolton & Co., Chartered

Accountants, Manchester, have admitted into partnership Mr. W. A. Bolton, A.C.A.

Messrs. Fred Sheard & Sons, Chartered Accountants, Huddersfield, announce that Mr. M. F. Dyson, A.C.A., and Mr. F. J. Sheard, A.C.A., have been taken into partnership. The name of the firm is unchanged.

Messrs. T. C. Squance & Sons, Chartered Accountants, Sunderland, advise that Mr. M. J. L. Squance, who has been a partner since 1953, has retired by mutual consent. He is taking up an appointment in Trinidad with Texaco Trinidad Inc., a subsidiary of the Texas Oil Company of America.

Messrs. Winder & Lloyd, Chartered Accountants, London, W.1, have taken into partnership Mr. D. J. W. Morgan, A.C.A. Mr. Morgan has been a member of their staff for many years.

Messrs. Jenks, Percival, Pidgeon & Co., Chartered Accountants, London, E.C.2, announce that Mr. H. S. Goodwyn Isitt, O.B.E., F.C.A., whose father founded the firm in 1886, has retired from the partnership. Mr. Isitt was articled to the firm in 1906.

Messrs. Barton, Mayhew & Co., Chartered Accountants, St. Helier, Jersey, announce that Mr. B. J. Bowick, A.C.A., has been admitted to partnership in the Jersey firm.

Messrs. Foster & Stephens, Chartered Accountants, Birmingham, announce the retirement of Mr. Frank G. Stephens after forty-four years as a partner. The practice will be continued by the remaining partners under the same name as before.

Messrs. Howard Smith, Thompson & Co., Chartered Accountants, announce the admission as a partner of Mr. C. G. Willett, A.C.A. Mr. Willett served his articles with the firm in Birmingham and has since been assisting Mr. Barber in London, where he will continue to reside.

Mr. G. W. J. Reinhardt, A.C.A., secretary and chief accountant of B.B. Chemical Co. Ltd., Leicester, has been appointed a director of the company. He retains the position of secretary.

Mr. H. Russon, A.C.A., has been appointed chief accountant of B.B. Chemical Co. Ltd., Leicester.

Messrs. Beevers & Adgie, Chartered Accountants, Leeds, regret to announce that Mr. Stanley B. Hill, B.A., F.C.A., who served his articles with them and has been a partner since 1936, has retired from practice consequent upon the state of his health. He will be available in a consultative capacity as and when his health permits.

Removals

Mr. Hayden A. Cosgrove, Chartered Accountant, advises a change of address to Austral House, Well Street, Bradford, 1.

Messrs. Fialko, Burns & Co., Chartered Accountants, announce that they have removed their offices from Victoria to 202/204 Bishopsgate, London, E.C.2.

Classified Advertisements

Advertisements under "Appointments Vacant", "Practices & Partnerships", "Appointments Required", "Articled Clerks"—eightpence per word. Under "Official Notices", "Miscellaneous" and other headings—one shilling per word. Box numbers—five shillings extra (including the five words in the advertisement). Semi-displayed panels—£4 per column inch. All terms prepaid. Replies to Box Number advertisements should be addressed Box No. . . . c/o ACCOUNTANCY, 23 Essex Street, London, W.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.

APPOINTMENTS REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

Employers who have vacancies for members on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Institute's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Moorgate Place, London, E.C.2. Tel. Monarch 8506

APPOINTMENTS VACANT

UNIVERSITY OF LIVERPOOL

Applications are invited from qualified accountants for the post of Lecturer in Accountancy in the Department of Economics and Commerce. The initial salary will be within the range £900-£1,050 per annum, according to age, qualifications and experience. Applications, stating age, academic qualifications and experience, together with the names of three referees, should be received not later than May 20, 1959, by the Registrar, from whom further particulars of the conditions of appointment may be obtained.

ACCOUNTANCY Staff from Articled to top salaried ACCOUNTING & TAXATION APPTS. NO FEES TO STAFF. CONDUIT ST. BUREAU (GRO: 7080) 4 Conduit St., Oxford Circus, W.1. Open daily 8.30 to 7.30: Sats. 9-1.

ACCOUNTS CLERK to assist Secretary of small group of companies in South East London. Suitable for man hoping to qualify or recently qualified in secretarial or accountancy and seeking commercial experience. Please write full details of experience, qualifications, if any, and age, in confidence to the Secretary, Box No. 201, c/o ACCOUNTANCY.

ASSISTANT ADMINISTRATOR-GENERAL (FINANCE) required by GOVERNMENT OF ZANZIBAR. Appointment on contract for tour of 30/36 months initially with gratuity 13½% of total substantive salary drawn. Salary according to experience and qualifications in scale (including Inducement Pay) £939 rising to £1,863 a year. Outfit allowance £30. Free passages. Liberal leave on full salary. Candidates must possess recognised accountancy qualification. Experience in administration of trust estates and estates of deceased persons is desirable. Write to the CROWN AGENTS, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote M3A/52560/AD.

ACCOUNTANT required by Anglo-Iranian Company for post in the Middle East. Applicants should preferably have experience in building trades and knowledge of language would also be of assistance. Accommodation provided for successful candidate. Write 1030, Wm. PORTEOUS & Co., Glasgow.

AUDIT CLERKS. Many vacancies waiting for Senior, Semi-senior or Junior. Call BOOTH'S AGENCY 80 Coleman St., Moorgate, E.C.2.

CHARTERED ACCOUNTANT about 30 years, required for responsible post in their Far Eastern organisation by a leading Merchant Company with widespread interests and staff in many overseas countries. Good general audit and/or commercial accounting experience is desirable. Applicants must be prepared to take charge of locally engaged staff and to be responsible to the Manager in the territory concerned for financial matters relating to the Company's varied business activities. Terms and conditions of service include provision of furnished accommodation, liberal paid home and local leave, outfit allowances, a pension scheme and Provident Fund; help is given with school fees and remuneration is based entirely on merit. Box No. 196, c/o ACCOUNTANCY.

CHARTERED ACCOUNTANTS—recently qualified—required by firm of Chartered Accountants for associated firm in West Africa. Tours of eighteen months with generous leave on full salary. Furnished quarters provided. Provident Fund. Outfit allowance and passages paid. Very low Income Tax. Commencing salary £1,300 per annum. Apply with full particulars to Box No. 646, DORLAND ADVERTISING LTD., 18/20 Regent Street, S.W.1.

COMPANY SECRETARY required by small Public Company engaged in specialised light engineering work in the Packaging Industry. The person appointed must be a Chartered Accountant who must have commercial experience and he will be responsible for all accountancy matters. There is a contributory pension scheme. Please reply, stating age, experience and salary required to Box No. 199, c/o ACCOUNTANCY.

FORD MOTOR COMPANY LIMITED offer an Opportunity for on-the-job training to three young ACCOUNTANTS who have no National Service commitments. Successful candidates will spend up to six months in the Company's Accounting Operations and Procedures Departments before being allocated to substantive posts in the finance activity. Please write to Training and Recruitment Department (012A), FORD MOTOR COMPANY LIMITED, Dagenham, Essex, quoting reference CTA.

Many Excellent Vacancies

available for:-

Newly Qualified Chartered Accountants

Experienced Senior Audit Staff

Taxation Specialists and assistants

Semi-Senior and Junior Audit staff at attractive progressive salaries

apply

**TAYLOR
STAFF BUREAU**

S. H. OLIVE, F.A.C.C.A.

49 QUEEN VICTORIA STREET,
LONDON, E.C.4

Tel. CItY 2781

Staff Specialists to the Profession

Established over 20 years. NO FEES TO STAFF
(Licensed annually by the Corporation of London)

FEDERAL GOVERNMENT OF NIGERIA require following QUALIFIED ACCOUNTANCY STAFF for Inland Revenue Department. Appointment on contract for tour of 12/24 months in first instance with gratuity at rate of £150 a year. Partly furnished accommodation at low rental. Free passages for officer and wife. Assistance towards children's passages and grant up to £150 annually towards maintenance in U.K. Liberal leave on full salary. Free medical attention.

PRINCIPAL ACCOUNTANT (M3A/52463/AD). Salary (including Inducement Addition) £2,244 a year. SENIOR ACCOUNTANT (M3A/52464/AD). Salary (including Inducement Addition) in scale £1,728 rising to £1,962 a year. Outfit allowance £60.

Candidates for both posts must be members of one of the recognised accountancy bodies and have practical experience of punched card accounting and other accounting machine systems. Applicants for the Principal Accountant vacancy must have at least ten years accounting experience.

Write to the CROWN AGENTS, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote the reference number shown against the post applied for.

LARGE CITY FIRM of Chartered Accountants have vacancies for (male or female) Tax Assistants in their Tax Department. The work requires some tax experience in both company and personal taxation. Excellent salary paid according to experience. Five-day week. Pension scheme. Lunch vouchers. Write to Box No. 205, c/o ACCOUNTANCY.

LARGE CITY FIRM of Chartered Accountants has vacancies for qualified accountants. Good experience and salary, five-day week, pension fund. Box No. 204, c/o ACCOUNTANCY.

ACCOUNTANCY STAFF

AUDIT AND TAXATION ASSISTANTS — ALL GRADES
COMMERCIAL ACCOUNTANTS
COST AND WORKS ACCOUNTANTS

EMPLOYERS ARE OFFERED A TIME SAVING, PROMPT, STAFF RECRUITMENT SERVICE OPERATED BY AN EFFICIENT PERSONNEL SELECTION SYSTEM, AND SUPPORTED BY A LARGE AND CONSTANTLY AUGMENTED REGISTER. (OUR FEES ARE REASONABLE AND COMPARE FAVOURABLY WITH ADVERTISING COSTS)

EMPLOYEES ARE OFFERED A CONFIDENTIAL "PERSONAL INTEREST" METHOD OF SECURING NEW EMPLOYMENT THROUGH APPROPRIATE INTRODUCTIONS. (WE CHARGE NO FEES TO APPLICANTS)

MERVYN HUGHES & COMPANY

(ACCOUNTANCY EMPLOYMENT SPECIALISTS)

(COL. H. D. MUGGERIDGE, O.B.E. A. B. HARRISON, D. P. WILLIS)

11 WARDOUR STREET, PICCADILLY, W.1.
GERRARD 0179/0966 OPEN 9.30 A.M. TO 6.30 P.M. SATS. TO 1 P.M.

STOP

before you take that next step forward in your career. What sort of position do you need? A little

CAUTION

now may affect your whole future. If you feel in need of skilled assistance you should

GO

to the profession's employment specialists who will leave no stone unturned to suit your requirements.

The widest selection of positions in London is backed by the twenty years' professional experience of our Director and Manager.

GRESHAM ACCOUNTANTS' REGISTER LTD.
(The Profession's Employment Specialists)

79 Gresham Street (1st Floor), E.C.2. MONarch 9416

NIGERIAN PORTS AUTHORITY

CHIEF ACCOUNTANT

The NIGERIAN PORTS AUTHORITY invites application from professionally qualified accountants, preferably between the ages of 38 and 45, for the post of CHIEF ACCOUNTANT. This officer is normally resident in Lagos.

The successful applicant must have had several years experience in an executive financial post of considerable responsibility. Drive, enthusiasm and organising ability of a high order are essential. Previous experience with a Ports Authority or large scale transport undertaking would be an advantage but is not essential.

The salary offered is £3,000 per annum.

Appointment will be for one tour in the first instance. Thereafter, subject to satisfactory service, on a permanent basis. Non-contributory Pension Fund. Tours normally 12 to 18 months. Leave at seven days for every completed month of service. Free first-class passages for officer and wife. Additional passages and allowances for children. Furnished accommodation provided at reasonable rental.

For further particulars and application form write to the CROWN AGENTS, 4 Millbank, London, S.W.1, and quote M3A/52568/AD.

PEAT, MARWICK, MITCHELL & CO., 11 Ironmonger Lane, London, E.C.2, have vacancies in their London office for young Chartered Accountants who wish to widen their experience in all branches of accountancy. Excellent prospects, good starting salary, pension scheme. Opportunities for service overseas. Applications to 11 Ironmonger Lane, E.C.2.

PRICE WATERHOUSE and Co. have vacancies for young qualified accountants who wish to acquire a wide and varied experience. Good starting salary and excellent prospects. Opportunities to transfer abroad in due course. Write to 3 Fredericks Place, Old Jewry, London, E.C.2.

PRINCIPAL ACCOUNTANTS required by NIGERIAN FEDERAL GOVERNMENT for TREASURY and POLICE DEPARTMENTS on contract for one tour of 12-24 months in first instance with good prospects of further tour of service. Salary (including Inducement Addition) £2,244 a year. Gratuity at rate £150 a year. Partly furnished accommodation at low rental. Free passages for officer and wife. Assistance towards children's passages and grant up to £150 annually towards maintenance in U.K. Liberal leave on full salary. Free medical attention. Candidates, not less than 32, must hold recognised accountancy qualification and have wide accounting experience. Write to the CROWN AGENTS, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote M3A/44960/AD.

ABOUT sixteen pensionable posts in various Departments of the Crown are offered to CHARTERED ACCOUNTANTS and two CERTIFIED ACCOUNTANTS who have been trained in a professional office. Examples of initial salary in London are £835 at age 25, £1,120 at age 34. Well qualified candidates over 34 may receive up to £1,165. There are prospects of promotion to senior posts. Application forms, to be returned by April 30, 1959, obtainable from CIVIL SERVICE COMMISSION, Burlington Gardens, London, W.1., quoting 57/59

ST. PAUL'S AGENCY

160 Cheapside, London, E.C.2. MET 8533
150 Fenchurch St. London, E.C.3. MIN 9791.

Chartered Accountants .. £800-£1,000
Auditors with Tax Experience £700-£900
Semi-Seniors £500-£800
Juniors for Articles £4.5.0

No Fees To Staff

SEMI SENIOR AUDIT CLERKS required by City Chartered Accountants, applicants who intend to qualify preferred. Good salary and luncheon vouchers. Box No. 203, c/o ACCOUNTANCY.

LINCOLN & CO. of Hanover Square, W.1.

BUSINESS TRANSFER SPECIALISTS & VALUERS

Specialise in the disposal of:

HOTELS, RESTAURANTS & GUEST HOUSES.
NEWSAGENCIES—TOBACCONISTS—
CONFECTIONERS—VILLAGE STORES—
GROCERY & PROVISION BUSINESSES.
GARAGES & FILLING STATIONS.

LONDON OFFICES:

9 HANOVER SQUARE, W.1
Tel: GROsvenor 6801 (10 lines)

WEST OF ENGLAND OFFICES

178 HOLDENHURST ROAD, BOURNEMOUTH
Tel: Bournemouth 1551 (5 lines)

SECRETARY/ACCOUNTANT. Large London Public Company requires Qualified Accountant to take up duties at end of May as Secretary to subsidiary Company in the Sudan. Sole responsibility for accounts and office administration and for general administration under Managing Director.

Salary £2,000 (no income tax) and generous Superannuation provisions. Furnished house and car rent free; two months annual leave with air passages including wife and children paid.

Excellent prospects for a personable and enterprising man. Age under 35, and/or Middle East experience an advantage but not essential. Reply with full details of status and experience to Box No. 198, c/o ACCOUNTANCY.

SENIOR CLERKS with several years experience since qualifying required by City Chartered Accountants, age preferably 30-35. Salary £900-£1,000, with luncheon vouchers. Box No. 202, c/o ACCOUNTANCY.

UGANDA. — International Accountants require young Chartered Accountant, preferably single, for their office in Kampala and would consider recently qualified men. Contract for either three or four years, commencing salary £1,350 p.a., passages paid, housing assistance, annual bonus, end of contract leave. Home leave after two years if on four-year contract. Applications to Box No. 200, c/o ACCOUNTANCY.

VACANCIES available for qualified Accountants in South America, West Indies, Rhodesia, Kenya, Far East and the Continent. Call BOOTH'S AGENCY, 80 Coleman St., Moorgate, E.C.2.

PRACTICES AND PARTNERSHIPS

ESTABLISHED firm of Chartered Accountants (over 25 years) willing to acquire reputable practices, large or small, on generous terms by means of life or long-term annuity payable to retiring practitioner. London area. Box No. 197, c/o ACCOUNTANCY.

INTEREST in established, substantial, progressive practice (South London) offered to one or two qualified Accountants with good knowledge Income Tax, Companies and Incomplete Records; early ultimate succession. Particulars Capital available, etc., to Box 206, c/o ACCOUNTANCY.

ARTICLED CLERKS

PAKISTANI, aged 22, completing 4-year accountancy course University Karachi, requires articles clerkship commencing July. Highest references obtainable London from his guarantors who are GRAHAMS SHIPPING & TRADING CO. LTD., 5 St. Helen's Place, London, E.C.3.

HOTELS

FOR THAT EXAMINATION IN LONDON!

Stay at the BONNINGTON HOTEL
All rooms with central heating, telephone and radio
Fully Licensed
Room and Breakfast 32/6
BONNINGTON HOTEL, SOUTHAMPTON ROW
W.C.1. Tel. HOLborn 6525

MISCELLANEOUS

Accountancy Tutors Ltd.

Offer private tuition by arrangement to Articled Clerks preparing for the examinations of the Institute Inter. and Final. Apply to the Director of Studies, 63 Lincoln's Inn Fields, London, W.C.2. (HOLborn 3676.)

ACCOUNTANTS' NAME PLATES engraved in Bronze with Ceramic Cream Enamel lettering. Leaflet post free with full-size proof on receipt of wording. G. MAILE & SON LTD., Engravers, 367 Euston Road, London, N.W.1. (EUSton 2938).

BATCH of small cases for Sale, London. Suit newly qualified Accountant. Box No. 207, c/o ACCOUNTANCY.

BUSINESS PROGRAMMING FOR COMPUTERS

Learn to apply business problems to electronic data processing machines. Free brochure describing the correspondence course, "Programming for Business Computers," available on request from: COMPUTER COURSES, (Dept. A) 119 Oxford Street, London, W.1.

FILL IN THIS COUPON TODAY

Name

Address

E. P. HOARE, F.V.I. Stocktaker/Valuer, 40 Birchington Road, London, N.8. Telephone MOUntview 3136.

MEETINGS—A Conference Hall, seating up to 480 and smaller rooms are available for company and other meetings. Apply Secretary, THE CHARTERED INSURANCE INSTITUTE, The Hall, 20 Aldermanbury, London, E.C.2.

NAME PLATES FOR ACCOUNTANTS, in bronze, brass and plastics. Send wording and size for free estimate and layout to ABBEY CRAFTSMEN LTD., Abbey Works, 109a Old Street, London E.C.1. Tel. CLERkenwell 3845.

TAXATION and COMPANY FORMS. A complete range of printed Facsimile Forms available, prices from 17s. 6d. per hundred. Apply for lists to SHARPTHORNE PRESS LTD., 25 Holborn Viaduct, London E.C.1. FLE 0838/39.



Soundest Basis

Whether you are seeking a basis for home ownership or for your family investment plan you should consult the literature of this long established Society. It has a record of service going back 90 years and has never deviated from a policy of personal and individual service to all sections of the community.

ROCK BUILDING SOCIETY

MEMBER OF THE BUILDING SOCIETIES ASSOCIATION

London Office

17 CONDUIT ST. LONDON W.1 TELEPHONE: MAYFAIR 0446 & HYDE PARK 5618

Head Office NEWCASTLE UPON TYNE

+ **Accountancy**

+ The air mail edition of ACCOUNTANCY is
+ available either for subscription on a
+ permanent basis or for odd periods
+ (for example, to cover a temporary
+ stay abroad). It is printed on
+ mail edition for a + special thin paper, and the
+ year is £4 4s. to any + overseas subscriber receives
+ part of the world. The + each issue only a few days
+ charge for shorter + after publication on
+ periods is proportional. + the twentieth of the
+ The addition of £2 14s. to the + month in London.
+ normal charge of £1 10s. covers +
+ only the cost of air mail postage, +
+ that of the special paper being borne +
+ by ACCOUNTANCY.

by Air +

THE INCOME TAX PAYERS' SOCIETY

offers its members free second opinions
on questions of income tax and profits
tax.

An invaluable service for those pro-
fessionally engaged with taxation prob-
lems of clients.



Tax cases summarised in Quarterly Journal



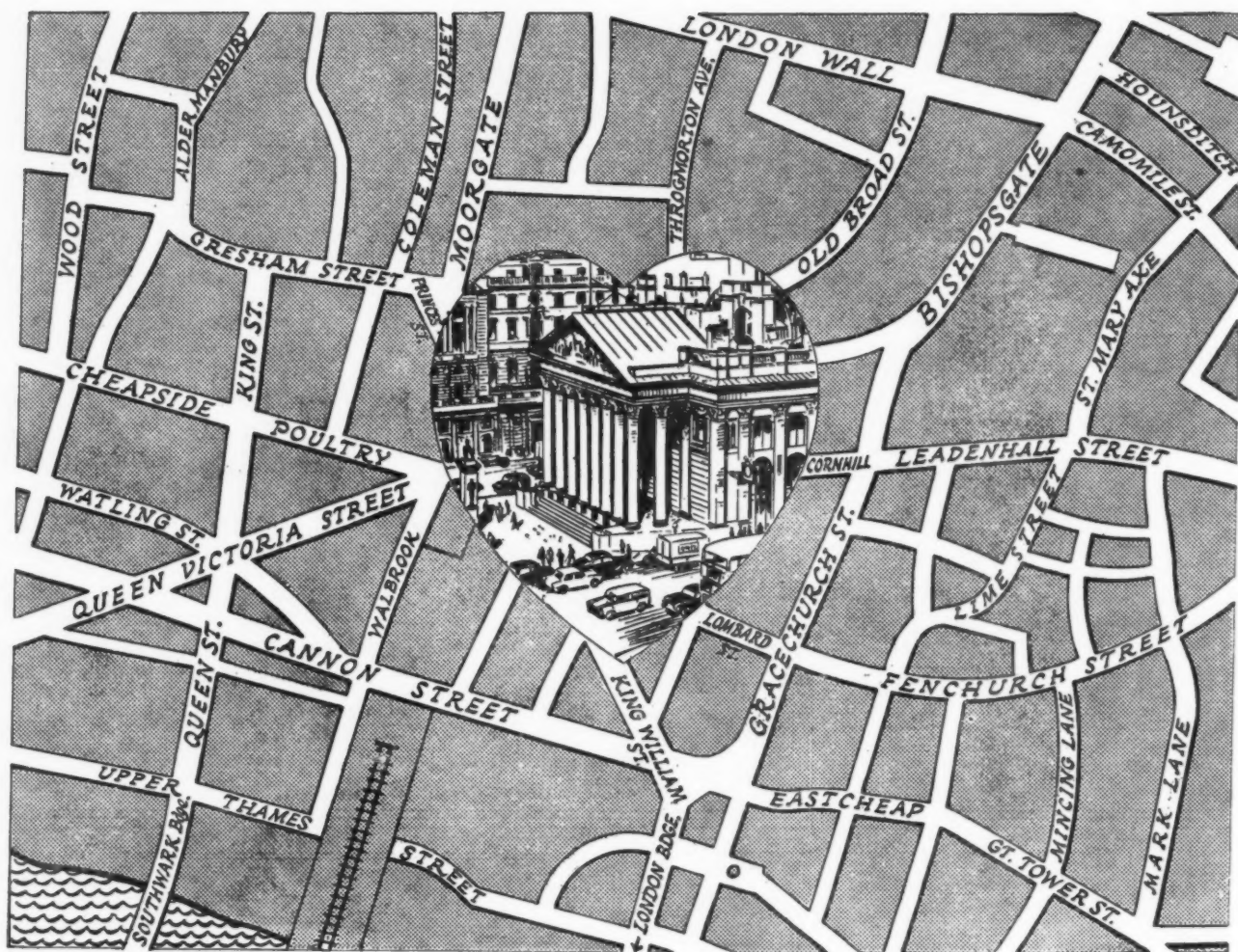
Membership details and Journal sent on application

The Secretary

INCOME TAX PAYERS' SOCIETY

Abbey House, 2 Victoria Street
London, S.W.1. (ABBey 2323)

NOTE: Subscriptions of professional firms may be claimed as
a charge for income tax purposes.



THE ROYAL EXCHANGE IS 'IN INSURANCE'

From its head office in the centre of the City of London the Royal Exchange Assurance transacts the business of insurance—as it has done for nearly two hundred and fifty years. Life Policies, Endowment Policies, Personal Accident Policies, Fire Policies, Home Policies . . . all are within the scope of the 'Royal Exchange'. Within the scope, too, of the Accountant who chooses to represent this famous organisation, one of the oldest and best respected Offices in the world. We should be very pleased to send you details of our service if you will write to us.

ROYAL EXCHANGE ASSURANCE

Incorporated by Royal Charter in 1720

HEAD OFFICE: ROYAL EXCHANGE, LONDON, E.C.3

BRANCHES THROUGHOUT THE UNITED KINGDOM